UNWRAPPING THE EMPORIUM

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HUDSON’S BAY COMPANY AND THE LEGACY OF DEPARTMENT STORE MANAGEMENT IN THE GLOBAL CULTURE OF RETAIILING

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Lay Abstract

This thesis examines the department store's legacy as a tool of managerial know-how for retailers in the digital age. From the 1890s to the 1960s, department stores were an epicentre of consumerism and urban culture in locales worldwide. Department store management crafted store environments to create a 'magical' atmosphere for customers while calculating every consumer interaction with the store behind the scenes. Over the twentieth and twenty-first centuries, increased retail competition has forced many stores to close, often leaving visual façades as the sole reminders of some defunct stores. Yet, the extensive management techniques used inside and outside stores provide insight into how this retail format achieved prominence, how its leaders responded to competitors, and how department store management techniques can contribute to current retail discussions despite its continued decline.

Abstract

Between the 1850s to the 1960s, the department store emerged as a prominent retail format worldwide. As a retail format, the department store model broke away from pre-existing retailer and consumer conceptions of shopping and the shopping environment. Store leaders placed their focus on creating an uplifting mode of consumerism that perpetuated the department store as an 'experience.' However, behind the department store's 'magical' façade, store management preplanned and manipulated consumer interactions with every part of the store. The managerial techniques managers used allowed these institutions to become an epicentre of consumerism and urban culture globally. The department store has lost its reputation as a vibrant shopping location in the digital age, and retailers and consumers alike have disregarded it as solely a monument of retail nostalgia. Nonetheless, today's retailers still have much to learn from the ways department store leaders innovated. The management techniques used in department stores can provide insight into these institutions' successes and pitfalls when navigating changing retail circumstances. If the department store is used as a tool of managerial know-how for retailers in the digital age, it could allow other retailers to sustain a semblance of the department store's longevity, commercially and culturally. Hudson's Bay, a remaining store in the Canadian department store industry, features as a case study to highlight the extent to which department store leaders designed and managed their stores.

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I have aspired to complete a PhD dissertation since learning of its existence as a child. To achieve that goal is not only a dream come true but an encouragement to keep unapologetically chasing after what I want and to do things in my own time and on my own terms.

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List of Abbreviations

¥	Japanese Yen
ABC	Aerated Bread Company
B2C	Business-to-Consumer
BASICS	Bay Automated Stock Inventory Control System
CBI	Consumer Brand Image
CBL	Corporate Branch Level
CPR	Canadian Pacific Railroad
DSL	Department Store Law
F	French Franc
FIRA	Foreign Investment Review Agency
Ft^2	Square Feet
G	Grams
HBC	Hudson’s Bay Company
HBCA	Hudson’s Bay Company Archives
HBCC	Hudson’s Bay Company Corporate
HBN	Hudson’s Bay Company Netherlands
IBL	Internal Branch Level
LBO	Leveraged Buyout
M&A	Mergers and Acquisitions
M^2	Meters Squared
METI	Ministry of Economy, Trade and Industry
NRDC	National Realty & Development Corporation

NWC	North West Company
RFID	Radio-Frequency Identification
RRF	Retail Research Foundation of Canada
SS	Simpson-Sears
WWI	World War One
WWII	World War Two

Declaration of Academic Achievement

Emily Rosebush is the sole author of this dissertation.

INTRODUCTION

> 'A great department store, easily reached, open at all hours, is more like a good museum of art than any of the museums we have yet established.'[1]

John Cotton Dana, an American promoter of public institutions of culture and learning, active in the early twentieth century, made the above remark in the spirit of democracy. Dana promoted museums and libraries as cultural institutions that connected present-day society to its heritage, arguing that these institutions were too important to be restricted to society's elite. Cultural institutions needed to be accessible to the public.[2] Public access would enable more citizens to appreciate and learn from these institutions without feeling that 'they didn't belong.' Access of the kind he had in mind required more than democratic aspiration. It had to involve technical design features and management abilities. The institutions he had in mind needed to handle large numbers of visitors in an atmosphere that made guests want to partake in the experience. For Dana, this ideal of access currently existed in the department store. His appreciation for the social grounding and management attributes of the department store was not at all far-fetched. By means of historical inquiry, employing archival riches, this thesis goes behind the scenes to show how the department store at its zenith qualified as a cultural realization and a management model.

In department stores, shoppers browsed goods and familiarized themselves with all things material. The stores maintained long operating hours within centralized, urban locations, accessible to guests from diverse socio-economic backgrounds. People could visit at their leisure and enjoy the store's ambiance without feeling 'unwelcomed' if they chose not to make a purchase.

[1] Chalmers Hadley, *John Cotton Dana: A Sketch* (Chicago: America Library Association, 1943), 68. The quote is attributed to Dana during his time as director of the Newark Museum from 1909 to 1929.
[2] Carl A. Hanson, "Access and Utility: John Cotton Dana and the Antecedents of Information Science, 1889-1929," *Libraries & Culture* 29, no. 2 (Spring 1994): 187-188.

Department store managers advocated this concept of universal accessibility as an outward facing aspect of the department store's appeal to the public. However, the effects of a locale's socio-cultural politics on consumption could be explicit and could have a spillover effect that may have deterred certain peoples from shopping at department stores without management publicly barring particular groups. In many but not all locales, class and race politics contributed to a predomination of white, middle-class peoples as the representative 'all' in the stores' 'accessible to all' ideology.[3] While this thesis focuses on documented managerial tactics and discussions and does not expand on these socio-cultural subtleties, it is important to acknowledge the difference between documented tactics and the socio-cultural realities that affected shoppers. For store leaders, the key to facilitating access was the management techniques instituted throughout department store operations. Department store leaders honed these management techniques that Dana admired over decades amidst economic, political, and social change.

Prior to the department store's emergence, most retailers and businesses were "single-unit enterprises," wherein a top manager, usually the business' owner, a partner, or shareholder, supervised management operations. The structure was uncomplicated since businesses focused on one avenue of economic activity, such as producing, distributing, or handling transactions. [4] In the United States throughout the 1850s to 1880s, the volume of economic activity from business enterprises throughout the country grew as populations increased and technological advancements, notably the immense transportation and communication networks that connected American cities, became the binding material of a continental economy.[5] As Alfred Chandler argued, the associated

[3] In this thesis, 'accessible to all' is used as a reference to the outward facing managerial stance that there were no restrictions on store accessibility.
[4] Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Belknap Press of Harvard University Press, 1977), 3.
[5] Chandler, *The Visible Hand*, 207-208.

shift to larger and more complex enterprises allowed single-unit firms to expand into various economic activities. Single-units became multi-unit enterprises and complicated their organizational structures.[6] Since this new type of multi-unit enterprise was unprecedented, management techniques evolved rather than appeared as copies from pre-existing models.

Basic economic theory prior to 1930 owed a lot to liberal theorists who had followed Adam Smith's conception of the 'invisible hand of the market.' The underlying assumption was that markets regulated and made efficient the coordination and allocation of resources throughout society.[7] The market theory stressed the importance of single-unit enterprises in that equation, making economists initially suspicious of multi-unit enterprises. Despite economists' reservations, by the 1880s and 1890s, more single-unit businesses had built national and global networks, bought transportation facilities, factories, and smaller organizations, or merged with other single-unit businesses to become multi-units.[8] These developments applied to the retail sector for Chandler because these multi-unit enterprises started to advance into wholesale markets. Some American department stores, such as Marshall Field's and Stewart's, originated from wholesaling businesses with small-scale shops.[9] Once retailing became more profitable than wholesaling, the structure of these businesses changed. The responsibility of managing various branches of a business became impossible for one person or even a handful of individuals unless they coordinated.

Management 'science' entered the picture. In the 1910s, Frederick Taylor's 'scientific management,' also called Taylorism, reconceptualized the organizational structures of the multi-

[6] Chandler, *The Visible Hand*, 207-208. See also Alfred D. Chandler, *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Cambridge: M.I.T. Press, 1962).
[7] Ibid., 4.
[8] Ibid., 286.
[9] Ibid., 209, 225.

unit enterprise. Taylorism's objective was to bring greater efficiency and labour productivity to the workplace, namely the factory floor.[10] Implementing scientific management was not a singular action. It required "a series of tools, methods, and organizational arrangements" to avoid a waste of time, energy, or materials in operation.[11] Taylor's work, along with that of Henry Laurence Gantt and Frank and Lillian Gilbreth, built on mathematician Charles Babbage's management studies from the 1830s.[12] Department store leaders looked to these manufacturing examples for management strategies—notably regarding employee and consumer management—to see if they could erase the ambiguity within department store organizational structures.[13]

For a large business like the department store, a typical hierarchical construction consisted of a store owner at the highest point, followed by top and middle managers—a new, growing group of salaried personnel who monitored and coordinated the units below—and workers characterized by decreasing responsibility and less specialized skills at the bottom.[14] By the 1890s, store buyers often had the majority of the power in operating their departments, including the right to purchase

[10] Frederick Winslow Taylor, *The Principles of Scientific Management* (New York: Harper & Brothers Publishers, 1919), 9. For more on the history of retail management studies and retail development, see also Nicholas Alexander, "Objects in the Rearview Mirror May Appear Closer Than They Are," *The International Review of Retail, Distribution and Consumer Research* 7, no. 4 (January 1997): 383-403 and Henry Mintzberg and James A. Waters, "Tracking Strategy in an Entrepreneurial Firm," *Academy of Management Journal* 25, no. 3 (September 1982): 465-499.

[11] Judith A. Merkle, *Management and Ideology: The Legacy of the International Scientific Management Movement* (Berkley, CA: University of California Press, 1980), 2.

[12] Ingrid Jeacle, "Emporium of Glamour and Sanctum of Scientific Management: The Early Twentieth Century Department Store," *Journal of Management History* 42, no. 9 (January 2004): 1163-1164. See also L. Graham, "Lillian Gilbreth and the Mental Revolution at Macy's, 1925-1928," *Journal of Management History* 6, no. 7 (2000): 285-305; Frank Gilbreth, *Primer of Scientific Management* (New York: Van Nostrand, 1914); and Charles Babbage, *On the Economy of Machinery and Manufacturers* (London: Charles Knight, 1832). For more on scientific management in Canadian industry, see also Joy Parr, *The Gender of Breadwinners: Women, Men, and Change in Two Industrial Towns* (Toronto: University of Toronto Press, 1990) and Paul Craven, *'An Impartial Umpire': Industrial Relations and the Canadian State 1900-1911* (Toronto: University of Toronto Press, 2017).

[13] Dale Miller, "Strategic Human Resource Management in Department Stores: A Historical Perspectives," *Journal of Retailing and Consumer Services* 13, no. 2 (March 2006): 101.

[14] Chandler, *The Visible Hand*, 3; Ingrid Jeacle, "Emporium of Glamour and Sanctum of Scientific Management: The Early Twentieth Century Department Store," *Journal of Management History* 42, no. 9 (2004): 1165.

inventory, set prices, hire staff, and design display windows.[15] Therefore, each department operated independently and, as Susan Porter Benson commented, made inter-department rivalries commonplace.[16] Scientific management took away the power of the buyer. Instead, it standardized management practices and instated new managerial positions like financial or credit controller and marketing, merchandise, or human resource managers.[17]

New managerial roles required various skill sets such as engineering, design, human resources, or buying and selling skills. John William Ferry, an ex-department store executive, cautioned that because the department store had to meet the needs of "an ever-changing world," these organizations needed "executive control of exceptional ability."[18] Establishing these new roles did not eliminate the need for hundreds, often thousands, of lower-level personnel to fill roles throughout the business, whether they were designing a store's exterior, transporting goods, or selling on shop floors. By no means has reorganization been a smooth exercise; the practical study and history of management are packed with challenges and mistakes. Thus, the idea of a manager with an overall vision and trained experts in sections of the business pointed towards the necessity of a hierarchy of responsibility and skills.[19]

[15] Jeacle, "Emporium of Glamour and Sanctum of Scientific Management," 1165. See also J.H. Appel, *The Business Biography of John Wanamaker: Founder and Builder* (New York: Macmillan, 1930); R.M. Hower, *History of Macy's of New York 1858-1919: Chapters in the Evolution of the Department Store* (Cambridge: Harvard University Press, 1943); and B. Emmet and J. Jeuck, *Catalogues and Counters: A History of Sears, Roebuck and Company* (Chicago: The University of Chicago Press, 1950).
[16] Susan Porter Benson, *Counter Cultures: Saleswomen, Managers, and Customers in American Department Stores, 1890-1940* (Chicago: University of Illinois Press, 1986), 49-51.
[17] Jeacle, "Emporium of Glamour and Sanctum of Scientific Management," 1166. For more on department store organizational patterns, see also Louis P. Bucklin, "Merchandising in Department Store Chains," *California Management Review* 6, no. 4 (Summer 1964): 41-46.
[18] John William Ferry, *The History of the Department Store* (New York: The Macmillan Company, 1960), 29.
[19] Tim Coles, "Department Stores as Innovations in Retail Marketing: Some Observations on Marketing Practice and Perception in Wilhelmine, Germany," *Journal of Macromarketing* 19, no. 1 (June 1999): 43. For more on traits of an effective manager, see also Leslie Kanuk, "Leadership Effectiveness of Department Managers in a Department Store Chain: A Contingency Analysis," *Journal of Retailing* 52, no. 1 (Spring 1976): 9-16.

By the 1920s, numerous universities in the United States established business programs to teach management science, often working in partnership with department store owners.[20] These programs produced trained individuals with specialized skill sets who could be installed in a department store role when needed. Tertiary institutions implemented managerial programs at different times globally. For instance, Dale Miller noted that "professional personnel management" did not emerge in Australia until the 1950s.[21] Regardless of timing, scientific management became a universal department store technique. At other times, store leaders developed managerial programs using print materials, one-on-one training, lectures, or vocational courses.[22] Leaders could also hire outside personnel to train employees, as suggested by historian Marie-Emmanuelle Chessel in her study of French department stores during the inter-war years, although this was less common.[23] Namely, Gordon Selfridge's retail training tactics have continued to fascinate researchers and dominate works by Alfred Harry Williams in 1956, Reginald Pound in 1960, and Erika Rappaport in 2000.[24] As researcher Donald K. Beckley discussed, while in-store

[20] Jeacle, "Emporium of Glamour and Sanctum of Scientific Management," 1166; Miller, "Strategic Human Resource Management in Department Stores," 101. See also Paul Henry Nystrom, *The Economics of Retailing* (New York: The Ronald Press, 1915); Peter Samson, "The Department Store, Its Past and Its Future: A Review Article," *The Business History Review* 55, no. 1 (Spring 1981): 26-34; Sharon Hartman Strom, *Beyond the Typewriter: Gender, Class, and the Origins of Modern American Office Work, 1900-1930* (Urbana and Chicago: University of Illinois Press, 1992); Tom Mahoney and Leonard Sloane, *The Great Merchants: America's Foremost Retail Institutions and The People Who Made Them Great* (New York: Harper & Row, 1974); and William Leach, *Land of Desire: Merchants, Power and the Rise of a New American Culture* (New York: Pantheon Books, 1993).
[21] Miller, "Strategic Human Resource Management in Department Stores," 101.
[22] Donald K. Beckley, "Executive Training in Department Stores," Journal of Marketing 16, no. 3 (January 1952): 339.
[23] Marie-Emmanuelle Chessel, "Training Sales Personnel in France Between the Wars," in *Cathedrals of Consumption: The European Department Store, 1850-1939* (Aldershot, England: Ashgate Publishing Limited, 1999), 288.
[24] Alfred Harry Williams, *No Name on the Door: A Memoir of Gordon Selfridge* (London: W.H. Allen, 1956); Reginald Pound, *Selfridge: A Biography* (London: Heinemann, 1960); Erika Rappaport, *Shopping for Pleasure: Women in the Making of London's West End* (Princeton: Princeton University Press, 2000). See also Alison Adburgham, *Shops and Shopping 1800-1914: Where, and in What Manner the Well-Dressed Englishwoman Bought Her Clothes* (London: George Allen & Unwin, 1981); Gordon Honeycombe, *Selfridges, Seventy-Five Years: The Story of the Store 1909-84* (London: Park Lane Press, 1984); and Bill Lancaster, *The Department Store: A Social History* (London: Leicester University Press, 1995).

management tactics varied based on store, the universal goal was to indoctrinate individuals with the "operating principles and procedures of the store as quickly and efficiently as possible."[25]

In the department store, structural experimentation was allowed so that management techniques could flourish and expand. Some business literature, emanating from concern about coordinating the skill sets, warned that businesses suffering from disorganization or unclear channels of authority experienced corporate confusion, inefficiencies, and profit loss.[26] Leaders in the retailing industry did not want ineffective administrative decisions to be the cause of poor economic results, especially in an enterprise as extensive and as exposed to fluctuating tastes as the department store. Being too rigid prevented individual creativity when faced with workplace problems. In sum, the department store's management model, characteristic of a new age of enterprise, favoured an arrangement both hierarchical and flexible.

Operating in the environments of changing tastes and economic conditions, earnest managers of department stores had a demanding profession. They handled their concerns by instituting extensive management techniques at all levels of their business. The result of these measures was to manufacture consumer environments where any interaction between a customer and the store, whether that be through a person or a physical component of the store's design, was managed. Companies continuously scrutinized and refined their practices with the goal of attaining seamless channels of communication, authority, and functionality.[27] Management was not static, even if companies did not always achieve these goals. Management tactics continued to develop, a feature of an enterprise that historical enquiry is well-suited to discover and explain.

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[25] Donald K. Beckley, "Executive Training in Department Stores," Journal of Marketing 16, no. 3 (January 1952): 337.
[26] Alfred D. Chandler, *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Cambridge: M.I.T. Press, 1962), 229; Henri Fayol, *General and Industrial Management*, trans. Constance Storrs (London: Sir Isaac Pitman & Sons, Ltd., 1949), 22-24.
[27] Chandler, *Strategy and Structure*, 226.

On the whole, most managerial techniques were invisible to the public because of their subtlety or intentional concealment. Store leaders certainly wanted the public to notice their management efforts in relation to the store's ambiance, but did not want shoppers to perceive 'the tricks of the trade.' The incorporation of art into stores was the primary mode of creating a comfortable shopping environment. From the store's side of the interaction, the astutely managed elements included store architecture, interior décor, and displays. Leaders used these elements to meet aesthetic stipulations that drew customers' attention and, hopefully, manipulated consumer shopping behaviour. Artistic features tried to capitalize on beauty and wonder and impart the idea that a department store was an 'experience,' where shopping was the purpose of a customer's visit, but enjoyment and excitement were additional benefits. This aesthetic level of consumer interaction within the store environment represented a commercialization of fun.[28]

It was the blend of art and function, design and control, that allowed industry personnel to manufacture and manage a store capable of sustaining and fulfilling its retail needs and allowing customers access to new, enjoyable experiences. This interpretation of consumerism retained profit as its primary goal; however, the conception of department stores as solely 'shrines to consumerism' underplayed the technical, managerial, and socio-cultural inner-workings of these institutions. Department stores embodied a profoundly planned, managed, and uplifting mode of consumerism absent in prior retailing. This consumerism's uniqueness enabled this store model to revolutionize retailer and consumer expectations towards shopping and, from the 1890s to the 1960s, dominate the retailing world.

The department store's flagship role in consumerism, once so novel and dominant, has largely vanished. This retailing format lost paramountcy through a combination of internal and

[28] George Ritzer, *Enchanting a Disenchanted World: Continuity and Change in the Cathedrals of Consumption* (London: Pine Forge, 2010), 3.

external mistakes and challenges, but it has not been eliminated from the retail scene altogether—yet. Many stores around the world continue to operate, despite marketplace pressure. Others maintain a place in the public consciousness through representations in media and personal memories. What remains unchanged is the value of these stores' management techniques, and their continued relevance to current retailing. If the museum is the keeper of society's cultural heritage, then the department store is consumerism's 'grandest' cultural institution. Thus, the techniques that these institutions used can be browsed and analyzed to inform present-day retail conduct. A well-documented history of the department store offers insights into and lessons on retailing that are available precisely because of the necessity for management that infused the entire operation. Store leaders recorded many of their essential practices and challenges. Of course, there are gaps, and these are identified in the chapters that follow. However, in the world of retailing, where there have been considerable entries, departures, and fragile institutional memories, the histories and archives of department stores comprise an incomparable point of entry into understanding consumption and design.

When and where did it all begin? Department store historiography incites a debate regarding which store was 'The First' department store. This ambiguity is connected to disagreement over which attributes—and how many—contribute to a store's classification as a 'department store.' Criteria include free customer entry for all classes, a wide assortment of global and domestic goods housed under one roof, implementation of services, departmentalized organization for goods and staff, high standards of customer service, fixed and visible pricing, elaborate façade—lavish in architecture and interior design—a central location, use of innovative technology, increased product turnover and low markups, and use of high-level marketing and advertising, among other characteristics. For the purposes of this thesis, the appearance of all the above listed traits must be present for a store to be considered a ‘department store.’ For instance, Walmart would not be classified as a department store because it lacks the department store model’s physical aesthetic. Socio-political forces were influential in enabling the department store model to succeed. Thus, it is important to recognize that department store culture did not emerge overnight but resulted from entrepreneurial and management insights and study.

A comparative history approach to the subject should pay attention to origin-dating to draw out differences among cultures. This approach can also proceed to put timing in the background while looking into commonalities. The development of the department store, as an international phenomenon, is suggestive of waves and pockets of bourgeois prosperity, varying in timing and scope. Most retail environments possessed a department store at some point during the twentieth century or earlier, even if the country was less economically developed yet possessed a small, urban elite. Countries include, but are not limited to, Canada, the United States, Mexico, Brazil, Chile, Ghana, South Africa, Belgium, Finland, the United Kingdom, the Netherlands, France, Italy, Spain, Sweden, Russia, Turkey, India, Japan, North Korea, South Korea, China, Thailand, Singapore, Indonesia, Australia, and New Zealand. Maintaining unique legacies while upholding shared qualities, the stores within these countries provide a glimpse of consumer culture’s evolution throughout the world. It is best, therefore, not to try to pin down a start date, pointing out instead that the department store, as a commercial, architectural, and management entity that anchored ‘the downtown,’ flourished from the 1850s to the 1960s as a sign of the transnational emergence of a bourgeoisie.

Hrant Pasdermadjian’s *The Department Store* was an influential work on the history of the department store from an international perspective. Pasdermadjian tracked the department store’s evolution from its 'birth' in 1860 until the 1940s and discussed the nature of retail competition.[29] Published first in 1949, its reach was limited to the United States and Western Europe. A Western-centric approach was common in other department store histories that surveyed these institutions, such as those by W.B. Phillips in 1901, J. Russell Doubman and John R. Whitaker in 1927, John William Ferry in 1960, and Bill Lancaster in 1995.[30] Today, publications that survey department stores still maintain a distinction between stores in the Anglosphere and those that are not, limiting cross-cultural examinations.[31] In literature published in English, researchers have discussed stores in the United States, France, and the United Kingdom the most. For stores in Asia, Japanese stores are the most studied.[32] What is not region-specific is that department stores have attracted interdisciplinary attention from academics and amateur researchers. This thesis uses examples that represent a variety of regions across the world to provide a greater international scope than earlier works and show the cultural breadth of the department store phenomenon.

Canadian department stores' similarities to or differences from other department stores are not stressed in international store surveys. Scholarship about Canadian department stores can be broken into two broad categories, company histories and cultural histories. For company histories, Anglo-Canadian department stores Simpson's and Eaton's featured in these discussions because

[29] Hrant Pasdermadjian, *The Department Store: Its Origins, Evolution, and Economics* (London: Newman Books, 1954). Pasdermadjian also linked the department store's success to a rise of the middle-class—and their wealth—and advancements in public transportation.
[30] W.B. Phillips, *How Department Stores are Carried On* (New York: Dodd, 1901); J. Russell Doubman and John R. Whitaker, *The Organization and Operation of Department Stores* (New York: John Wiley & Sons, Inc., 1927); John William Ferry, *The History of the Department Store* (New York: The Macmillan Company, 1960); Bill Lancaster, *The Department Store: A Social History* (London: Leicester University Press, 1995).
[31] A notable cross-cultural examination is Rika Fujioka and Jon Stobart, "Global and Local: Retail Transformation and the Department Store in Britain and Japan, 1900-1940," *Business History Review* 92, no.2 (Summer 2018): 251-280.
[32] Robert D. Tamilia, "The Wonderful World of the Department Store in Historical Perspective: A Comprehensive International Bibliography Partially Annotated," University of Quebec (Updated July 2011): 7. Trade publications such as *The Dry Goods Economist*, *Department Store Management*, *The Department Store, Dry Goods Chronicle*, and *Merchants Trade Journal*, *Department Store Buyer* devoted articles to department store merchandising across the world as early as 1887. Other trade journals, such as *The Show Window* in 1897 and *Display World* in 1922, discussed department store display techniques.

they were popular and prolific across Canada.[33] Eaton's was Canada's largest department store chain and has a historiography to match that legacy. Eaton's management sponsored company histories, including *Golden Jubilee* in 1919 and *The Story of a Store* in 1924.[34] Boastful in tone, the latter praised founder Timothy Eaton as a "genius" and "a true man of destiny" whose vision for his business was unrivalled.[35] The company's romanticized approach towards a 'great man' in history is common within company histories. The focus on Eaton and his family remained prominent in successive publications about the store by William Stephenson in 1969, Rod McQueen in 1998, and Bruce Allen Kopytek in 2014.[36] Joy Santink's *Timothy Eaton and the Rise of His Department Store*, published in 1990, downplayed Eaton as a historic figure and focused on his store's growth in an economic and social context.[37] Santick's removal of 'great men' is appealing and aligns with this thesis as it considers management techniques and not specific people as key to department store growth and success.

Academics looking at department stores through a cultural history approach wanted to look beyond these 'great men' and expose the minority perspectives missing in these accounts. Eaton's historiography shifted towards this approach in the 1990s. Cynthia Wright examined Eaton's department stores via the lenses of gender, ethnicity, and nationalism throughout several publications.[38] In "Rewriting the Modern," Wright argued that nationalism and concepts of race

[33] For more on Simpson's, see also G. Allan Burton, *A Store of Memories* (Toronto: McClelland and Stewart, 1986).
[34] T. Eaton Co., *Golden Jubilee, 1869-1919* (Toronto: T. Eaton Co. Ltd. 1919); T. Eaton Co., *The Story of a Store* (Toronto: T. Eaton Co., 1924).
[35] T. Eaton Co., *The Story of a Store*, 3.
[36] William Stephenson, *The Story That Timothy Built* (Toronto: McClelland and Stewart, 1969); Rod McQueen, *The Eaton's: The Rise and Fall of Canada's Royal Family* (Ontario: Stoddart, 1998); Bruce Allen Kopytek, *Eaton's: The Trans-Canada Store* (Charleston, South Carolina: The History Press, 2014).
[37] Joy Santink, *Timothy Eaton and the Rise of His Department Store* (Toronto: University of Toronto Press, 1990).
[38] See also Cynthia Wright, "'The Most Prominent Rendezvous of Feminine Toronto': Eaton's College Street and the Organization of Shopping in Toronto, 1920-1950" (PhD diss., University of Toronto, 1992); Cynthia Wright, "'Feminine Trifles of Vast Importance': Writing Gender into the History of Consumption," in *Gender Conflicts: New Essays in Women's History*, ed. Franca Iacovetta and Mariana Valverde (Toronto: University of Toronto Press, 1992), 229-260.

aided in the department store's decline as Canada modernized.[39] Wright's work gave insight into store executives' perceptions of employees and desired or 'undesired' clientele. Donica Belisle built on these ideas when examining Canadian consumer culture, class, race, and gender. In 2005, her article "Exploring Postwar Consumption" examined the retail workforce's attempted unionization at the Eaton's Drive for Unionization from 1948 to 1952.[40] In many ways, it was the academic accompaniment to *The Eaton Drive* by Eileen Sufrin, a key organizer of the movement.[41] Both Belisle and Sufrin highlighted the financial and promotional disadvantages imposed on female staff because of gender and how consumerism, citizenship, and work were codified with gendered terms.[42] Paternalism and welfarism also featured in her scholarship and expanded on Susan Porter Benson's *Counter Cultures,* a seminal piece on women in consumer history.[43] While not Canadian in scope, Benson's research on department store saleswomen investigated managerial interactions between saleswomen and managers.[44] When paired with Belisle's work, Benson's themes can be nicely situated in a Canadian context.

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39 Cynthia Wright, "Rewriting the Modern: Reflections on Race, Nation, and the Death of the Department Store," *Social History* 33, no. 6 (2000): 155.

40 Donica Belisle, "Exploring Postwar Consumption: The Campaign to Unionize Eaton's in Toronto, 1948-1952," *The Canadian Historical Review* 86, no. 4 (December 2005): 642. For another retail unionization case study, see also Chris Madsen, "Social Democrat Space on Vancouver's Contested Waterfront: Retail, Wholesale, and Department Store Union (CIO) Organizing Amongst Sugar and Grain Workers 1946-1949," *The Northern Mariner* XXVII, no. 4 (October 2017): 373-402.

41 Eileen Sufrin, *The Eaton Drive: The Campaign to Organize Canada's Largest Department Store, 1948 to 1952* (Fitzhenry & Whiteside, 1982).

42 Donica Belisle, "Exploring Postwar Consumption," 645. For more on consumerism and femininity, see also Robyn Dowling, "Femininity, Place and Commodities: A Retail Case Study," *Antipode* 25, no. 4 (1993): 295-319; Mary Louise Roberts, "Gender, Consumption, and Commodity Culture," The American Historical Review 103, no. 3 (June 1998): 817-844. For more on gender and work issues, see also Joy Parr, *The Gender of Breadwinners: Women, Men, and Change in Two Industrial Towns* (Toronto: University of Toronto Press, 1990).

43 Donica Belisle, "Negotiating Paternalism: Women and Canada's Largest Department Stores, 1890-1960," *Journal of Women's History* 19, no. 1 (Spring 2007): 58-81; Donica Belisle, "A Labour Force for the Consumer Century: Commodification in Canada's Largest Department Stores, 1890 to 1940," *Labour* 58 (Fall 2006): 107-144; Susan Porter Benson, *Counter Cultures: Saleswomen, Managers, and Customers in American Department Stores, 1890-1940* (Chicago: University of Illinois Press, 1986).

44 Susan Porter Benson, "The Cinderella of Occupations: Managing the Work of Department Store Saleswomen, 1900-1940," *The Business History Review* 55, no. 1 (Spring 1981): 11. See also Donica Belisle, "A Labour Force for the Consumer Century: Commodification in Canada's Largest Department Stores, 1890 to 1940," *Labour* 58 (Fall 2006): 107-144.

The work of these labour, race, and gender historians has provided insight into the department store's personal dimension. Managers and upper-level executives did not interact with customers daily. Low-level employees were the face of the company. At times, there was a disconnect between a company's treatment of its employees and the positive image it portrayed to consumers. Employee training was strict. The purpose was to indoctrinate people into the company's mentality so employees could further a store's selling or advertising goals. This was not a seamless process, and it leaves room for greater study. Therefore, while this thesis does not discuss gender, race, or labour issues in-depth, it is important to remember that there is a human face behind the managerial tactics that affected employees and customers.

Since Eaton's and Simpson's are defunct retailers, their leaders' tactics are limited to discussions about managerial techniques pre-millennium. For much of the twentieth century, the Hudson's Bay Company (HBC) trailed behind Eaton's and Simpson's as the third most prolific and popular department store in Canada. Today, now called 'Hudson's Bay,' it is one of few organizations left in the Canadian department store industry.[45] The HBC is a survivor, but its endurance has not been by chance. The company is unique among department stores worldwide. This is because it did not start out as a small-scale shop and evolve into a modern department store. That is part of its story, however, the HBC started as a chartered trading company in 1670.[46] Throughout three hundred and fifty years, the company has undergone three major transformations. First, its personnel operated as fur traders and explorers throughout North America. Second, leaders expanded company activities to include land, real estate, and natural resource ventures. Third, leaders shifted the company's focus to the retail sector. Each phase forced

[45] Two other Canada-based department stores are Holt Renfrew and La Maison Simons.
[46] The commonality between Hudson's Bay and rival stores is that a chartered trading company is still a type of trading establishment and situates Hudson's Bay in the trend of department stores evolving from trading establishments of any kind into department stores.

the company to change its core business, and its leaders seemed willing to accept the risks each transformation brought. These phases also made ‘adaptability’ a reoccurring feature of HBC’s business dealings, even if not expressly stated in company doctrine.

HBC historiography is also unique. Much of the pre-existing literature deals with the company’s first or second phases. Company histories predominated the earliest publications. Unlike other department stores, the company lacked a founding family. Nonetheless, the company’s figureheads were subject to the same glorification as other store founders. In 1899, historian Beckles Willson’s *The Great Company* laid the foundation for scholarship that mythologized and propagandized the company’s exploits and its leaders.[47] Willson portrayed the company’s leaders, like Governor-in-Chief Sir George Simpson, as heroic ‘great’ men, practically ‘god-like’ and benevolent in demeanour.[48] He also claimed it was ‘known’ amongst traders, travellers, and Indigenous persons that no institution, not even the church, preceded or surpassed the HBC’s influence in extending the British Empire and, later, settling Canada.[49] Willson’s book was an attempt to celebrate the HBC and Canada as one and the same. The company’s influence in Willson’s history was explicit. Any sprinkling of glory Willson or later historians added to

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[47] Other company histories that propagandize the company include Agnes C. Laut, *The Conquest of the Great Northwest* (New York: Outing Publishing Company, 1908); George Bryce, *The Remarkable History of the Hudson’s Bay Company, Including that of the French Traders of North-Western Canada and of the North-West, XY, and Astor Fur Companies* (Toronto: William Briggs, 1910); and William Schooling, *The Governor and Company of Adventurers of England Trading into Hudson’s Bay during Two Hundred and Fifty Years, 1670-1920* (London: The Hudson’s Bay Company, 1920).
[48] Company histories focusing on prominent HBC figures include John Galbraith, *The Hudson’s Bay Company as an Imperial Factor, 1821-1869* (Berkley: University of California Press, 1957); E.E. Rich, *The History of the Hudson’s Bay Company 1670-1870: Volume I: 1670-1763* (London: The Hudson’s Bay Record Society, 1958); E.E. Rich, *The History of the Hudson’s Bay Company 1670-1870: Volume II: 1763-1870* (London: The Hudson’s Bay Record Society, 1959); Peter C. Newman, *Company of Adventurers: Volume I* (Canada: Penguins Books Canada Ltd., 1985); Peter C. Newman, *Caesars of the Wilderness – Company of Adventurers: Volume II* (Canada: Penguins Books Canada Ltd., 1987); Peter C. Newman, *Merchant Princes – Company of Adventurers: Volume III* (Canada: Penguins Books Canada Ltd., 1991); and James Raffan, *Emperor of the North: Sir George Simpson & The Remarkable Story of the Hudson’s Bay Company* (Toronto: HarperCollins, 2007).
[49] Beckles Willson, *The Great Company: Being a History of the Honourable Company of Merchants-Adventurers Trading into the Hudson’s Bay* (Toronto: The Copp, Clark Company, Limited, 1899), viii.

please company operators is not surprising. The company often restricted access to documents based on how flattering the historian intended to portray the company.[50] Moreover, bear in mind that Confederation was still fresh in people's minds by the turn of the twentieth century and these historians are not to blame for trying to give Canada more gravitas in its early years. However, the HBC perpetuated a glorified version of its company history well into the twentieth century and, to some extent, the twenty-first century as well.[51]

TABLE 1. Trajectory of HBC Business Dealings, 1880-2000

1880	HBC starts to sell land to settlers in Western Canada
1881	HBC opens first small-scale retail store in Winnipeg and begins first mail order catalogue
1884	HBC opens small-scale store in Calgary
1900	HBC begins converting some trading posts into sales shops
1903	An influx of settlers throughout Canada West increases land valuation and increases HBC revenue
1907	HBC enters the wholesale business to supplement decrease in fur revenue
1910	HBC's splits the company's business activities into three branches: Retail, Land Sales, and Fur Trade
1912	HBC executives implement modernization program for modern department stores in Western Canada
1913	HBC builds its first modern department store in Calgary
1922	HBC acquires J.F. Cairns Limited department store in Saskatoon
1926	HBC opens the last of the 'Original Six' department stores in Winnipeg
1937	HBC continues to operate eight 'Small Stores' alongside its department stores
1959	HBC 'Fur Trade Department' is changed to 'Northern Stores,' signalling a rise in retail's importance
1960	HBC acquires Henry Morgan & Company, Ltd. in Montreal and starts expansion into Eastern Canada
1961	HBC sells its Land Sales Department to focus on retailing
1965	HBC rebrands its department stores as 'The Bay'
1970	HBC is rechartered as a Canadian company and its head office relocates to Winnipeg, Manitoba
1972	HBC purchases Shop-Rite catalogues and A.J. Freiman, Limited in Ottawa
1972	Morgan's stores are renamed 'The Bay' or 'La Baie'
1974	HBC opens department store in downtown Toronto
1978	HBC acquires discounter Zellers, clothing outlet Fields, and Simpson's department store
1979	HBC acquires Robinson's department store
1987	HBC sells the 'Northern Stores' division and its oil and gas business, closes the 'Wholesale Department,' stops dealing in fur, and relocates its head office to Toronto, Ontario
1990	HBC acquires Towers stores, locations are converted to Zellers stores or closed
1993	HBC acquires Woodward's department stores throughout Western Canada
1993	HBC acquires Kmart Canada and merges it with Zellers
1999	HBC opens Home Outfitters
2000	HBC launches hbc.com and enters into online retailing

Note: Table 1 is not inclusive of all HBC business or retailing activities from 1880-2000.[52]

[50] See Donna McDonald, *Lord Strathcona: A Biography of Donald Alexander Smith* (Toronto: Dundurn, 2002).
[51] Failing to address this representation's shortcomings has neglected the cultural critics who reject the HBC's historical narrative and its "settler-colonialist elements." Wim Van Lent and Andrew D. Smith, "Using Versus Excusing: The Hudson's Bay Company's Long-Term Engagement with Its (Problematic) Past," *Journal of Business Ethics* 166, no. 2 (2020): 227.
[52] Timeline, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcheritage.ca/classroom/timeline; "Small Stores," *The Beaver* (December 1940): 19-21; The Canadian Press, "A Chronology of Key Events in the History of the Hudson's Bay Company," *Canadian Business*, July 29, 2013, https://www.cana

The HBC's third phase—retailing—began in the 1880s. The fur trade had started to decline after the 1870s, restricting business opportunities for the company.[53] In Western Canada, the growing settler population required a larger merchandise selection than fur outposts could provide. To meet the demand, the HBC opened its first small retail store in Winnipeg, Manitoba in 1881.[54] Its product selection consisted of dry goods, grocery, and hardware merchandise. This venture complemented the company's land sale activities by cornering the market on settler needs. A second store opened in Calgary in 1884, and the company started to transform more pre-existing trading posts into small shops or 'saleshops' in time with the completion of the Canadian Pacific Railway (CPR) in 1885.[55] Company executives were cautious and slow with their expansion throughout Western Canada.[56] This hesitation persisted because the company's head office was based in London, England. Executives in Canada required approval from the London Board before taking any action. This system prevented the HBC from expanding to match the population increase and industry expansion in Western communities from 1900 to 1913.[57]

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dianbusiness.com/business-news/a-chronology-of-key-events-in-the-history-of-the-hudsons-bay-company/. "Hudson's Bay Company," The Canadian Encyclopedia, April 2, 2009, https://www.thecanadianencyclopedia.ca/en/article/hudsons-bay-company; *Lords & Proprietors: A Reader's Guide to the Hudson's Bay Charter* (Toronto: Quantum Books, 2004).

[53] Hudson's Bay Company, *A Brief History of the Hudson's Bay Company* (Winnipeg: Hudson's Bay Company, 1970), 44. The company continued to engage in fur trading activities alongside its land and retail endeavours. For an in-depth examination of HBC fur trading into the mid-1900s, see also Arthur Ray, *The Canadian Fur Trade in the Industrial Age* (Toronto: University of Toronto Press, 1990).

[54] "1881," Timeline, Hudson's Bay Company History Foundation, accessed January 22, 2020, http://www.hbc heritage.ca/classroom/timeline.

[55] "1884," Timeline, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcher itage.ca/classroom/timeline; "1885," Timeline, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcheritage.ca/classroom/timeline; David P. Monteyne, "Constructing Buildings and Histories: Hudson's Bay Company Department Stores, 1910-1930," *The Society for the Study of Architecture in Canada* 20, no. 4 (1995): 97-98.

[56] "Small Stores," *The Beaver* (December 1940): 21. By 1940, the only easterly saleshop was in Baie-Comeau, Quebec.

[57] Monteyne, "Constructing Buildings and Histories," 98; "1912," Timeline, Hudson's Bay Company History Foundation, accessed January 22, 2020, http://www.hbcheritage.ca/classroom/timeline. In 1912, the London Board established the Canadian Advisory Committee to help advise on expansion in Canada. The Canadian Committee took over the "day-to-day operations of the company in Canada" in 1930. For more on the relationship between the London Board and the Canadian Committee, see Tom Mahoney and Leonard Sloane, *The Great Merchants: America's Foremost Retail Institutions and The People Who Made Them Great* (New York: Harper & Row, 1974);

By 1913, HBC leaders had built their first modern department store in Calgary. Large urban stores continued to open across Western Canada in Edmonton in 1913, Vancouver in 1914, Victoria in 1921, Saskatoon in 1922, and Winnipeg in 1926.[58] These stores became known as the 'Original Six.' The company did not seek major expansion into Eastern Canada until the 1960s. As of 2021, the company operates eighty-eight department stores Canada-wide.[59] Many of these remaining department stores are flagship stores. Others are suburban locations in Western and Eastern Canada that, while numerous, do not maintain the same aesthetic or service standards as downtown locations. For that reason, the Hudson's Bay stores discussed in this thesis will refer to urban flagship locations unless otherwise stated.

Throughout the twentieth century, executives at the HBC added and divested many retail assets, including catalogue and wholesale businesses and multiple department store chains. The move into retail gained a greater focus for the company by the 1960s. However, retail did not generate higher profits than the HBC's non-merchandise sources, such as its land or coal sales, fur auctions, and oil or mineral royalties, from 1947 to 1983.[60] Therefore, it is important to note that while this thesis does not focus on the Hudson's Bay Company's oil, mineral, gas, or fur dealings, these endeavours operated alongside department store activities for much of the twentieth century.

David Monod, "Bay Days: The Managerial Revolutions and the Hudson's Bay Company Department Stores, 1912-1939," *Historical Papers* 21, no. 1 (January 1986): 173-196; and David P. Monteyne, "Constructing Buildings and Histories: Hudson's Bay Company Department Stores, 1910-1930," *The Society for the Study of Architecture in Canada* 20, no. 4 (1995): 97-103.

[58] "Edmonton," Places, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcheritage.ca/places/places-other-institutions/edmonton; "Vancouver," Places, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcheritage.ca/places/places-other-institutions/vancouver; "Victoria," Places, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcheritage.ca/places/places-other-institutions/victoria; "Saskatoon," Places, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcheritage.ca/places/places-other-institutions/saskatoon; "Winnipeg," Places, Hudson's Bay Company History Foundation, accessed March 22, 2021, http://www.hbcheritage.ca/places/places-other-institutions/winnipeg.

[59] "Store Locator," Hudson's Bay, accessed March 22, 2021, https://locations.thebay.com/en-ca.

[60] Peter C. Newman, *Merchant Princes – Company of Adventurers: Volume III* (Canada: Penguins Books Canada Ltd., 1991), 267.

Some historians have begun to investigate HBC retailing. The first to do so was Peter C. Newman in *The Company of Adventurers*, a three-volume series appearing from 1985 to 1991 that covered the HBC's history up to the 1980s.[61] Sadly lackluster in its journalistic approach, Newman's trilogy is more popular than historical; the chronology, players, and phases of the company do not receive justice. Newman glorified the company in the same way that earlier company historians did, and the HBC assisted Newman during his research and writing process. Overall, the series was more of a proclamation of the HBC's vital role in Canada's history than a serious look at retailing practices. David Monod's article "Bay Days" was the most extensive discussion on HBC retailing and managerial tactics. Monod argued that by relying on scientific management to transform the company from a colonial enterprise into a retailing one, company managers stifled its growth throughout the 1910s to 1930s.[62] He also noted that managers of rival department stores who engaged in new managerial tactics succeeded. Therefore, it was not the tactics that were flawed. HBC's managers lacked the entrepreneurial ability to fit these tactics to their stores.[63] Their inability may be likely. While the company is prone to adaption, its tendency to commit to a strategy half-heartedly, unevenly, or hastily is a common feature across many aspects of its retailing enterprise. Published in 2011, Belisle's *Retail Nation* incorporated the HBC into her discussion of how retail culture and consumerism gained prominence in Canada from 1890 to 1940.[64] Belisle's examination drew on cultural history themes. She discussed how management celebrated qualities that patrons viewed positively in an effort to cultivate an emotional and

[61] Newman, *Merchant Princes*; Peter C. Newman, *Company of Adventurers: Volume I* (Canada: Penguins Books Canada Ltd., 1985); Peter C. Newman, *Caesars of the Wilderness – Company of Adventurers: Volume II* (Canada: Penguins Books Canada Ltd., 1987).
[62] David Monod, "Bay Days: The Managerial Revolutions and the Hudson's Bay Company Department Stores, 1912-1939," *Historical Papers* 21, no. 1 (January 1986): 174.
[63] Monod, "Bay Days," 195.
[64] Donica Belisle, *Retail Nation: Department Stores and the Making of Modern Canada* (Vancouver: UBC Press, 2011), 7.

patriotic significance in consumer minds towards certain English-Canadian department stores.[65] The HBC did not feature as much as Eaton's and Simpson's, but her work helped bring HBC scholarship into general discussions about Canadian department stores and the department store environment created for customers and employees.

There is not enough study of HBC retailing with a post-1940 focus which means there is a historiographic gap that ignores the company's ongoing survival. This gap also denies Canadian department stores the opportunity to contribute to global discussions about the department store's future since Canadian stores are not represented. An examination of the HBC as a capitalist and retail endeavour is not only achievable but can illuminate how, more generally, department stores were designed and managed. However, this thesis is not a history of HBC department stores. It is a history of the department store as a feature of urban culture at a particular moment in history and as a history of how, behind the scenes, the department store was designed and run to achieve that cultural and business significance. Thus, this thesis uses the HBC as its case study. Both design and management were dynamic; the HBC survived because it frequently altered its trajectory to fit changing global and local circumstances. To better examine the retail portion of the HBC's evolution, I analyze its retailing from the 1910s to 2020s and concurrently track global retailing change and historical patterns in the department store industry.[66] The integration of HBC archival material with the wider literature on retailing achieved things that would not have been possible in

[65] Belisle, *Retail Nation,* 105-107, 162.
[66] As a note on terminology, the Hudson's Bay Company has been plagued by like-named branches and divisions throughout its corporate enterprise. For the purposes of this thesis and to avoid convolution, 'Hudson's Bay' will be used only to refer to Hudson's Bay Company's department store chain, regardless of the time period in question. 'Hudson's Bay Company,' or HBC, will refer to the organization at large, including all its retail branches, operations, and functions. When the first large-scale Hudson's Bay department store opened in 1913, the department stores were called 'Hudson's Bay Company'—the company's full-name variant and the name it had used for its small-scale retail shops since 1881. The company's department stores retained this branding until 1965 when the chain was renamed 'The Bay.' 'The Bay' was renamed 'Hudson's Bay' in 2013 and remains the current name for the retail chain.

the constraints of a company history. Certainly, HBC records support a review of corporate dealings, procedures, and documents to determine what strategies contributed to, or were presumed to benefit, the company's operation and financial success. However, the extensive literature on contemporary business management often provided insights because it showed how all manner of modern corporations have been dissected for applied study. An important benefit of delving into academic business literature had been to see structured and systematic inquiries in particular components of a corporation, from mission statement to testing new products. The bounty of business literature helped to situate department stores at an intersection among business history and commerce literature. Also, examining department store archival material involves the visual. These stores were an experience designed to be physically impressive. Thus, to understand this experience's culture and presentation elements, I will describe physical features and design aspects in-depth when beneficial.

The current retail landscape and e-commerce's prominence within it tends to discount department stores as a relevant form of retailing. Store closures and bankruptcies have contributed to the impression of department stores as business zombies that continue to trudge along before their inevitable extinction. This conception has restricted department stores from being brought into discussions about present-day retail in a constructive way, despite the format's endurance. To shed light on these stores' durable presence, I will investigate major department store management techniques. This will highlight the planning, design, and management functionalities behind their 'magic' façades and consider why some tactics may have enabled stores to endure when confronted with financial, political, cultural, technological, or environmental catalysts. Some managerial tactics became a liability to company growth when tastes and technology changed. Stores needed an entrepreneurship capable of recasting a store's techniques. This thesis often points to instances where leaders implemented tactics successfully. Even so, leaders who relied too rigidly on an old management technique without being willing to adapt were subject to pitfalls.

Of the department store's many managerial techniques, I will investigate five core ideas. First, department store leaders established their enterprises in the public consciousness. Store leaders wanted to situate the department store as an enterprise that was 'greater' than the average store. Leaders presented stores as symbols of freedom. The stores were meant to be accessible to all classes of people. They also provided an infinite array of 'exotic' goods that removed restrictions on what consumers could buy physically. These freedoms allowed the stores to become the center for changing consumer tastes. To make customers more susceptible to store managing, they needed to be comfortable. Therefore, executives aligned stores with the majority population's pre-existing cultural or social narratives. However, store management picked what narratives were or were not included. Their cherry-picking added an ideological component to consumerism where management's representation of the original narrative could affect the public's perception of social narratives when outside the store. Chapter 1 establishes the department store's role in society and the benefits of securing a niche in the retail marketplace. Chapter 2 details store attempts to implement, execute, and maintain a purpose via alignment with various societal institutions.

Second, management implemented diverse organization structures for channels of authority and merchandise. The department store was an institution whose size required a straightforward chain of command to avoid unnecessary loss and complication between departments. Customer confusion was also possible because of the multi-floor selection of goods. Products needed to be located with speed and efficiency. Store leaders implemented departmentalization as a strategy to combat these issues. However, departmentalization did not guarantee profits because the nature of the business was inconsistent. The constant inclusion of new departments ballooned corporate hierarchies. In addition, consumer preference affected assortment selection and ignoring trends meant deterioration of profits. Therefore, leaders organized and developed new pricing strategies to try and account for these fluctuations. Chapter 3 focuses on departmentalization and the techniques needed to sustain these enterprises' huge inventories and many divisions. Chapter 4 considers the profitability techniques—such as the available pricing decisions—that distinguished department stores from other retailers.

Third, department store managers manipulated inside and outside physical spaces to sway consumer buying behaviours. Leaders built department stores in urban centers and used key points of population movement to maximize consumer exposure. This allowed store managers to 'surround' people with their store and increase customer familiarity with it. On the inside, management controlled the atmosphere to create a 'magical' experience. Leaders planned architecture and window design to attract customers. Management used advertising, branding, and design techniques on the shop floors to trigger positive emotions that encouraged shoppers to buy. Management structured the entire experience from product placement to employee-customer interactions to maximize buying potential. Chapter 5 discusses department stores' centrality to cityscapes by influencing society, physically and ideologically, in a way that benefited stores' retail endeavours. It also outlines how calculated environmental design could be used to inform shopping behaviours and allow stores to retain an excitement and lustre in the public's mind. Chapter 6 considers the resurrection of department store concessionaires in the face of e-commerce's increasing retail prominence. Chapter 7 examines the effect of merchandise assortments and services on consumers' perceptions of stores and the techniques needed to maintain these assortments. Chapter 8 discusses the physical and ideological aspects of company branding. Chapter 9 examines the tools needed to establish and execute department store sales techniques through avenues such as visual merchandising and trade advertising. Chapter 10 continues the discussion on sales techniques by investigating modern advertising tactics and how companies sought to sell through salespeople.

While the first three ideas occupied management during the department store's heyday, the fourth emerged when the format began to decline. The department store's dominance of the retail scene hindered leaders from viewing alternative retailers as a serious threat. Once executives did see the threat, they responded by trying to hinder their competitors. Whether management actively interfered with another company or not, attempts to do so could be illegal. Thus, management resorted to imitating their competitors' selling methods. However, imitation often alienated a store's existing consumer base and failed to attract clientele away from competitors. Chapter 11 details an increased competitive pressure and pushback against the department store format.

The fifth idea considers managerial responses to the department store's decreased position in the retail world. Many store leaders have tried to turn their companies into conglomerates without creating a distinction between company banners and the demographic or market they are intended to serve. Moreover, executives have sought internationalization to expand with the assumption that globalization has eroded subtle locale distinctions. While international expansion can be beneficial in certain circumstances, it is only a practical move if a store has a strong presence in its home market. Most department stores do not have a strong presence in their home market. Ignoring the social, cultural, and political differences in foreign locales can also be detrimental to store success. Thus, it makes department stores vulnerable to further problems in the home market while their focus is elsewhere. Chapter 12 considers the tactical timing and legalities of corporate mergers and acquisitions when expanding department store business. Chapter 13 discusses global strategies to internationalize businesses and globalization's effect on stores' domestic and international markets.

For today's retail world, the greatest potential for a history of the department store lies in its use as a resource of managerial knowledge for retailers and academics alike. The consumer concerns that retailers face today are not dissimilar from those department store managers encountered. In many cases, department stores could offer workable solutions to help businesses reposition their brands to meet old and new challenges and strive for longevity in the retail marketplace. After all, for decades, department stores were the epitome of retail management, and their long and deep experience with consumers' tastes retain informative value. It is not to say that all department store management techniques are worthy of reconsideration. However, in a highly globalized world where consumer trends fade and re-emerge in a cycle, or where the targeted consumers have the resources to cultivate the department store's tactics, there is value in re-evaluating department store practices. While the sun may have set on the department store's retail supremacy, the leaders and managers of these grand emporiums used artfully designed spectacles and calculated methods of operation to capture and hold consumer interest for over a century. Parts of that philosophy may still work, even in an ever-changing retail environment.

CHAPTER 1
Establishing Emporiums: The Rise and Role of the Department Store

Before delving into department store management strategies during the department store's heyday, we should position them in the recent history of enterprise. This background is necessary to see how store management established a clear and distinctive strategy, image, and vision for department stores. Fundamentally, the goal of any business venture is to be profitable. To become and remain profitable, a company or individual needs to have a product or service that is of intrinsic or expendable value to the public.

Goods and services that fulfill a fundamental need are prized for their practicality. Grocery stores sell produce and foodstuffs that satisfy the essential dietary needs of their customers. An individual's quality of life is reduced without access to these intrinsic items. In this context, intrinsic are those items that are necessary for human survival. In contrast, products of expendable value satisfy personal wants and desires. For our purposes, expendable goods are not necessities in everyday life, though they can affect a person's physical and mental well-being. Buying a meal at a fast-food restaurant can alleviate the burdensome need to cook, despite the prevalence of pre-purchased food in a refrigerator at home. A gamer can spend money on non-physical items within a fictional game universe for the sake of personal happiness. Different generations have different classifications of intrinsic and expendable value. Moreover, what is expendable for one generation may become intrinsic for another. Certain intrinsic goods can also be made expendable. For instance, a winter coat may be intrinsic, but a mink winter coat could be expendable. Thus, the possibilities are endless, allowing businesses the opportunity to discover or create the next expendable want. Strictly speaking, a good may be expendable; however, it can foster a craving.

In a marketplace with internationally vast and diverse customer bases, a company needs to establish its role is in society. What can it provide to buyers, and how will it accomplish that? The simple answer is that businesses need to offer items or amenities that can be sold. More precisely, they need to determine the niche in which they plan to operate a profit. If a seller is unable to find its spot in the marketplace, then the business cannot succeed.

The ability for companies to define their role is fundamental to their survival. For department store leaders, this role involved positioning their stores as institutions of freedom. Stores were free in a physical and metaphysical sense. Department store leaders established their position as one-stop shops during store inceptions because they went against the existing retail norm. Plus, store leaders conceptualized the stores as accessible to all. Doing so built on pre-existing societal expectations of buying and selling that were more restrictive. This accessibility allowed consumers to feel welcome and eliminated a hectic store-to-store shopping experience. Changing these conventions also allowed their businesses to provide substantially more products of intrinsic and expendable value than rival sellers. This gave customers a freedom of choice that was limited in other store formats. Therefore, these management tactics gave stores the opportunity to gain a 'greater' status in the public consciousness.

In retailing, goods consumption is ever-evolving.[1] While subjected to economic, political, and environmental circumstances, one of the most pressing forces to affect retailing is changing societal behaviour. Consumer behaviour is inherently flexible, especially in very recent times with the interconnectivity of the digital age. The possibility of shopping quickly and efficiently in shops anywhere in the world is a twenty-first century reality. Even if consumerism and shopping are two concepts commonly associated with retailing experiences, they are not synonymous.

Consumerism is active participation in the accumulation of material goods with expendable value to the individual. It is a societally driven concept that has the consumer place a high value

[1] Lancaster, *The Department Store,* 3.

on material items and the belief that purchasing a good can enable the consumer to be 'part of' a grander societal experience or group. This thesis defines shopping as the act of browsing goods in a physical or virtual marketplace often with the aim of purchasing. Without browsing, consumers are only purchasing. Department store leaders wanted to convert browsers into purchasers. With shopping, defined by the act of browsing, consumers participate in consumerism even if they do not make any purchases. This is because they still believe that if they bought goods, they would be joining consumerism's 'secret world.' Cultivating the belief that there is a 'benefit' that accompanies buying goods is as important to business leaders as consumers' physical purchases. Long-term, this belief will make people more likely to buy. Together, consumerism and shopping have changed the way the buying public interacts with products.

The consumer revolution, or the rise of consumerism, set the stage for the development of the department store. Amongst academics, there are two schools of thought on the consumer revolution. The first maintains that the consumer revolution began in the 1700s or earlier.[2] This time is characterized by rising standards of comfort in the home for the middle-class and greater access to leisure facilities. Items like tea created a culture that extended to include other items "like teaspoons and sugar tongs" or activities like afternoon tea.[3] Paul Nystrom contended that Canada and the United States had five retailing periods, starting with trade between Europeans and Indigenous peoples and ending with twentieth century large-scale retailing, like department

[2] See also David George Alexander, *Retailing in England During the Industrial Revolution* (UK: The Athlone Press, 1970); Dorothy Davis, *A History of Shopping* (London: Routledge & Keagan Paul, 1966); Lorna Weatherill, *Consumer Behaviour and Material Culture in Britain, 1660-1760* (London: Routledge, 1988); and Joan Thirsk, *Economic Policy and Projects: The Development of a Consumer Society in Early Modern England* (UK: Oxford University Press, 1978).

[3] Nancy Cox, *The Complete Tradesman: A Study in Retailing, 1550-1820* (Aldershot, England: Ashgate Publishing Limited, 2000), 3. For criticism of this school, see also Jan De Vries, *Between Purchasing Power and World of Goods: Understand the Household of Economy in Early Modern Europe* (London: Routledge, 1993).

stores.[4] While large-scale retail shops are regarded as a triumph of consumerism, they are a comparatively 'young' space for buyer-vendor dynamics.[5]

The second school contends that the consumer revolution occurred later in the late-nineteenth and early twentieth century.[6] This interpretation is characterized by "mass production, mass marketing and mass consumption."[7] At this time, industrialization and urbanization allowed working-class individuals the chance to enter "the new world of luxury" that was not originally accessible.[8] Most Western department stores emerged during this time. However, the timing of a consumer revolution varied worldwide due to social, political, financial, and religious factors.

Although it was not an even process across America, the United States developed manufacturing far faster than Canada. Hastened by the Civil War, America saw extensive industrialization and technological advancements, coinciding with aspirations for westward expansion.[9] America also had a larger population and market size than its northern neighbour. Canada did not experience a violent catalyst to accelerate its industrialization journey. In Canada, industrialization was also uneven. Provinces with the largest populations, Ontario and Quebec,

[4] Nicholas Alexander and Gary Akehurst, "Introduction: The Emergence of Modern Retailing," in *The Emergence of Modern Retailing, 1750-1950* (London: Frank Cass & Co. Ltd., 1999), 7. Arguably, the birth of e-commerce could serve as an additional stage, although it was non-existent during Nystrom's lifetime.
[5] Geoffrey Crossick and Serge Jaumain, "The World of the Department Store: Distribution, Culture and Social Change," in *Cathedrals of Consumption: The European Department Store, 1850-1939* (Aldershot, England: Ashgate Publishing Limited, 1999), 29. There was already a culture surrounding commodities that placed multiple meanings, such as owning a product as a form of 'societal belonging,' and value on purchasable goods before the department store gained retail prominence.
[6] See also Neil McKendrick, "The Consumer Revolution of Eighteenth-Century England," in *The Birth of a Consumer Society: The Commercialization of Eighteenth Century England*, ed. Neil McKendrick, John Brewer, and J.H. Plumb, 9-33 (Bloomington: Indiana University Press, 1982); James B. Jefferys, *Retail Trading in Britain, 1850-1950* (New York: Cambridge University Press, 1954); W. Hamish Fraser, *The Coming of the Mass Market, 1850-1914* (London and Basingstoke: The Macmillan Press, Ltd., 1981); John Benson and Gareth Shaw, *The Evolution of Retail System, c.1800-1914* (Leicester: Leicester University Press, 1992); and John Benson, *The Rise of Consumer Society in Britain* (New York: Longman, 1994).
[7] Cox, *The Complete Tradesman*, 2.
[8] Ibid.
[9] David J. Burns and Dale M. Rayman, "Retailing in Canada and the United States: Historical Comparisons," *Service Industries Journal* 15, no. 4 (October 1995): 166.

developed the fastest.[10] Generally, Canada's smaller and more geographically dispersed population made industrialization a more challenging undertaking than it was for its southern counterpart.[11]

Many Western countries underwent a mass industrial change in the mid-nineteenth century.[12] Russian industrialization began in the 1890s and continued in the 1920s under Soviet leadership.[13] Some East Asian and Southeast Asian locales—notably, South Korea, Hong Kong, Singapore, and Taiwan—experienced extensive industrial growth from the mid-1950s to the 1990s.[14] Regardless of the period, there were common features to modernization, notably urbanization. It affected household composition, resulting in fewer multi-generational households and altered class structure.[15]

The bourgeoisie could browse more extensively than any substantial prior class and could collect a greater number of expendable items because of their rising purchasing power. In France, by the 1830s, the maturing bourgeoisie were prominent patrons of retail establishments, including some early department stores.[16] With time, Parisian fashion and leisure style became "the standard of the international bourgeoisie."[17] According to Donald Weber, consumer society was "a successful commercialization of the bourgeoisie modernist lifestyle," that solidified the group's role in leading the consumer revolution.[18] Even in matters of store layout and design, the tastes

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[10] John Benson, "The North American Scene: Canada," in *The Evolution of Retail Systems, c.1800-1914* (Leicester: Leicester University Press, 1992), 36-37.
[11] Burns and Rayman, "Retailing in Canada and the United States," 166.
[12] Ibid., 165.
[13] Peter N. Stearns, *Consumerism in World History: The Global Transformation of Desire* (London: Routledge, 2006), 85-87.
[14] Jong-Hyun Yi, *History of Korean Modern Retailing: Repressed Consumption and Retail Industry, Perceived Equality and Economic Growth* (Boston: BRILL, 2016), 52-53.
[15] Lancaster, *The Department Store*, 3; Yi, *History of Korean Modern Retailing*, 52.
[16] Lancaster, *The Department Store*, 18.
[17] Ibid., 20.
[18] Donald Weber, "Selling Dreams: Advertising Strategies from Grands Magasins to Supermarkets in Ghent, 1900-1960," in *Cathedrals of Consumption: The European Department Store, 1850-1939* (Aldershot, England: Ashgate Publishing Limited, 1999), 161.

and stylings of the bourgeoisie greatly influenced department stores' physical attributes throughout the 1800s.[19] Later in this thesis, I will trace the connection between bourgeoise taste and store design related to browsing during much of the nineteenth and twentieth centuries.

The less affluent consumers in more economically advanced societies were not exempt from the draws of consumption. Working-class people gained new opportunities through industrialization.[20] Often, urban employment provided more disposable income. Of course, the working classes experienced a wider range of disposable income cohorts. However restricted, disposable income did not prevent participation in consumerism. Individuals, regardless of class, wanted the opportunity to outfit themselves with luxury items; they wanted a chance to 'belong' or, at least, appear as though they did.

Conspicuous consumption was a means of displaying economic power and social status via the luxury products and services bought by a consumer. Thorstein Veblen proposed that the purpose of luxury items was to show society an "indication of [the consumer's] wealth" and that the goods are not primarily intended to be used for their functional purpose but rather for the prestige associated with owning the item.[21] In 1899, Veblen claimed that conspicuous consumption, the term he coined, affected all classes of society, even the poorest levels, since "the members of each stratum" use the "the scheme of life…[of the] next higher stratum" as their marker for ideal luxury.[22] In essence, the labouring class looked to the middle-class, who then

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[19] Meredith L. Clausen, "The Department Store: Development of the Type," *Journal of Architectural Education* 39, no. 1 (Autumn 1985): 22, 26.
[20] Cox, *The Complete Tradesman*, 3.
[21] Andrew B. Trigg, "Veblen, Bourdieu, and Conspicuous Consumption," *Journal of Economic Issues* XXXV, no. 1 (March 2001): 101.
[22] Thorstein Veblen, *The Theory of the Leisure Class* (Oxford, England: Oxford University Press, 2007), 84; Trigg, "Veblen, Bourdieu, and Conspicuous Consumption," 102-103. Not all goods that gain popularity or prominence are a result of class-to-class envy. There are instances where items of the lower class can become status symbols of the upper-class, such as the wearing of jeans. See B. Fine and E. Leopold, *The World of Consumption* (London: Routledge, 1993).

looked to the upper class to define what they viewed as decadence. Veblen argued that conspicuous consumption was not exclusive to urban areas, but that city populations "push[ed] their normal standard of conspicuous consumption to a higher point" and made the "standard of decency higher, class for class," than in rural locales.[23]

Although affecting every class of society, conspicuous consumption is an endless pursuit. As consumer trends change, the goods previously considered 'luxurious' can lose their status while others gain 'luxury' status because of high prices or exclusivity. Additionally, the goods or services enviable rarely achieve concurrent worldwide mass appeal.[24] Depending on the values and characteristics of the 'desired status,' the items preferred by the mass public may change. In Japan, exclusivity has in recent times been linked with conspicuous consumption. In the 1970s, global brands like Louis Vuitton and Chanel started to enter the Japanese market for the first time.[25] These brands became synonymous with high-status amongst the Japanese public because of limited availability, effectively overtaking cars and homes as costly but attainable symbols of wealth.[26]

Not only have objects served conspicuous consumption, but the space for browsing had contributed to the phenomenon starting in the mid to the late 1800s. For over a century, 'browse space' had a role in conspicuous consumption. 'Browse space' continued to change and expanded to allow customers the opportunity to browse in mail order catalogues, on home shopping networks, and then online shopping portals. Still, traditional small retail shops had little appeal to

[23] Veblen, *The Theory of the Leisure Class*, 72.
[24] Certain products, such as McDonald's burgers, Coca-Cola soft drinks, and other highly diversified goods, are universally prized because of globalization. Considering the various religious, social, and cultural characteristics of the world's locales, it is unlikely that introduction of these items—in a non-globalized setting lacking brand power and without attachment to a way-of-life deemed or instilled as 'replicable' or 'desirable'—that they would succeed with no modification to the original product. For instance, introducing a McDonald's hamburger to a largely vegetarian society would not be advantageous if it went against strongly enforced religious or societal beliefs in that locale.
[25] Roy Larke, "International Retailing in Japan," in *The Internationalisation of Retailing in Asia* (New York: RoutledgeCurzon, 2003), 7.
[26] Larke, "International Retailing in Japan," 7.

the nouveau-riche tastes for glamour and status in the 1800s.[27] This meant that there was space for a new retailing format that could satisfy these new tastes. Notably, it was the chance to profit from conspicuous consumption. Department store leaders wanted to fill this space. To do so, leaders needed to break the expected societal norms associated with shopping. This would allow them to create an environment that catered to all and provide customers with the freedom of belonging. In a way, department stores were conspicuous consumption's physical manifestation. To be a complete manifestation, department store leaders needed stores to look as impressive as the lifestyle they wanted to sell. With attention to visual appeal and quality of service, these new forms of enterprise revolutionized the way consumers experienced shopping.

The department store was a new retailing incarnation; each retail incarnation has taken aspects of its operation from a pre-existing business.[28] Peddlers sold an array of unique goods and services but often sold novelty goods versus everyday necessities.[29] Market stalls, fairs, and bazaars sought to offer general merchandise with intrinsic value that satisfied daily needs.[30] A variation of the market, bazaar, or arcade exists in most cultures of the world. Istanbul's Grand Bazaar is one of the oldest shopping locales worldwide and prefigures the modern shopping mall.[31] Fairs and marketplaces were a staple of Canadian and American retailing landscapes, offering

[27] Clausen, "The Department Store," 22.
[28] Robert Hendrickson, *The Grand Emporiums: The Illustrated History of America's Great Department Stores* (New York: Stein and Day, 1980), 25. Ralph Hower argued that the department store did not emerge from the legacy of fairs and bazaars since they did not involve "skilled advertising" or "attempts to influence" consumer behaviour. Hower discounted the salesmanship efforts of these vendors and did not account for the excitement that travelling salespeople incurred with their arrival in rural, often isolated, settings. Nor did his analysis provide vendors and merchants with agency. Their businesses are demoted to "passive retailing institutions," subject to the wills of their patrons, despite the prevalence of bartering and its need for a minimum of two active participants.
[29] Hendrickson, *The Grand Emporiums*, 9.
[30] Pasdermadjian, *The Department Store*, 9. Markets and bazaars also sold expendable goods that were intended to be items of want versus need.
[31] Yavuz Köse, "Vertical Bazaars of Modernity: Western Department Stores and Their Staff in Istanbul (1889-1921)," *International Review of Social History* 54, no. 17 (2009): 91-92.

seasonal goods in a semi-permeant fashion prior to industrialization.[32] Japanese industrial fairs, or *hakurankai*, emerged in the Meiji era. Wares could be sold for a few weeks before the fairs provided emporiums with their leftover stock for reselling.[33] Small, stand-alone shops owned by a sole proprietor provided customers with a selection of goods specific to that store's merchandise. The small-shop or dry-goods shop became the commonplace locale for urban European shoppers by the Industrial Revolution.

Aesthetics were not a primary concern of the small-shop, while it was fundamental to the department store model. In Britain, small-shops tended to be "cramped, poorly-lit spaces" that diminished the attractiveness of the goods sold.[34] There was an expectation that customers who entered a store would make a purchase.[35] In other words, shopping was purposeful, needs-based, and not as much a matter of browsing as it would become later. The buyer and vendor were associated with a face-to-face transaction. Similar practices can be observed in French and Turkish shops. At times, shopping was conducted through a window hole in the shop instead of having patrons inside the store. The 1600s saw a rise of British shopkeepers conducting business inside their stores, even allowing esteemed clientele access to homes serving as showrooms.[36] Merchandise could only be inspected by entering the store or showroom under the direct supervision of the proprietor. There was little opportunity simply to 'view' prospective items of purchase. Poor individuals were not allowed to enter stores because their appearance marked them

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[32] John Benson, "Small-scale Retailing in Canada," in *The Evolution of Retail Systems, c.1800-1914* (Leicester: Leicester University Press, 1992), 87-90. The pressures of industrialization in the 1870s eliminated many semi-permanent marketplaces from the Canadian retail scene. Unable to adapt to changing consumer demand, these institutions were incapable of remaining efficient. Farmer's markets endured because they sold items of intrinsic, day-to-day value, like foodstuffs, to urban consumers who had limited access to fresh foods.
[33] Louise Young, "Marketing the Modern: Department Stores, Consumer Culture, and the New Middle Class in Interwar Japan," *International Labor and Working-Class History*, no. 55 (Spring 1999): 55. The Meiji period began in 1868 and concluded in 1912.
[34] Clausen, "The Department Store," 22.
[35] Hendrickson, *The Grand Emporiums*, 26.
[36] Cox, *The Complete Tradesman*, 135.

as "not being creditworthy."[37] Window dressing did not become a common luring practice until the 'obligation' from the consumer to the storeowner disappeared.[38]

By the mid-nineteenth century, in prosperous communities, the owners of some shops or specialty stores cultivated a larger market by diversification. Milanese department store La Rinascente was the final incarnation of Luigi and Ferdinando Bocconi's ready-to-wear clothing store, established in 1865.[39] British retailer Harrods began as a food store, as did Japanese store Mitsukoshi, the New York store Macy's, and French icon Le Bon Marché.[40] Falabella, a Chilean department store chain, began as a tailoring business.[41] Hwashin Department Store, a South Korean store, originated as a jewellers.[42] Philip Ho argued that Chinese department stores developed because of "the outgrowth…of specialty stores," which were failing to adapt to the Chinese consumer market.[43] In an effort to respond to the changing pressures of the consumer revolution—regardless of when the revolution occurred—small-shops functioned like the ground floor of expansion into the large-scale retailing world.

To a degree, Hudson's Bay seems an exception to the small-shop turned department store trend. The HBC was incorporated via royal charter by King Charles II on May 2, 1670, with the goal of monopolizing the fur trade in Rupert's Land, part of modern-day Canada. For two

[37] Cox, *The Complete Tradesman*, 130.
[38] Claire Walsh, "The Newness of the Department Store: A View from the Eighteenth Century," in *Cathedrals of Consumption: The European Department Store, 1850-1939* (Aldershot, England: Ashgate Publishing Limited, 1999), 55. Window shopping was practiced by some stores in eighteenth-century England. Thus, it was not a 'new' concept when the department store was created. However, the scale of department store displays and the intensive focus on the relevance of showcasing luxurious merchandise became more prominent as a sales technique through its use of the practice.
[39] Elisabetta Merlo and Francesca Polese, "Turning Fashion into Business: The Emergence of Milan as an International Fashion Hub," *The Business History Review* 80, no. 3 (Autumn 2006): 441.
[40] Jeesoon Hong, "Transcultural Politics of Department Stores: Colonialism and Mass Culture in East Asia, 1900-1945," *International Journal of Asian Studies* 13, no. 2 (2016): 126.
[41] "Información Corporativa (Corporate Information)" Falabella, accessed January 21, 2020, https://www.falabella.com/falabella-cl/category/cat40006/Nuestra-empresa.
[42] Hong, "Transcultural Politics of Department Stores," 131.
[43] Philip Ho, "The Development of Chinese Department Stores," *Harvard Business Review* 11, no. 3 (April 1933): 280-281.

centuries, the company dealt in a diverse array of industries from fur trading to salmon and lumber exportation.[44] After opening its first retail store in 1881, the HBC's retailing ventures begin to resemble the traits and phases seen in other department store histories. Even department stores connected to a state, such as Russian store GUM or the Emporium in Beijing, started as purely retail enterprises, but the HBC did not.[45] Although Hudson's Bay's roots as a department store may appear to be unusual, they may not be so exceptional. Many of the department stores around the world evolved organically from some form of trading establishment when an enterprising owner or manager branched out from an activity that had foundations in the existing economy.[46]

The small-shop format was no longer advantageous for store leaders who wanted to transform alongside the buying public and maximize the shifting consumer mindset's profit potential. Department stores were designed to overcome the logistical problems of the small-shop. They could accommodate greater arrays of merchandise and influxes of people that small-shops were incapable of supporting. French department stores, touted as some of the oldest in the world, began in the 1820s and 1830s.[47] Arguably, the advent of the department store in the United States occurred mainly from 1850 to 1880.[48] Early German department stores emerged around 1880. British stores began to reach the size and scale of French stores in the 1890s, as did Swiss and

[44] Alexander Spoehr, "A 19th Century Chapter in Hawai'i's Maritime-History: Hudson's Bay Company Merchant Shipping, 1829-1859," *The Hawaiian Journal of History* 22 (1988): 71.

[45] Stearns, *Consumerism in World History*, 89, 97; Marjorie L. Hilton, "Retailing the Revolution: The State Department Store (GUM) and Soviet Society in the 1920s," *Journal of Social History* 37, no. 4 (January 2004): 949-950. Originally called 'Upper Trading Rows,' GUM—meaning 'State Department Store' in English—was renamed and nationalized by the Soviets as an effort to perpetuate communism through consumerism. It was used as a cog of the Soviet machine to serve as "the preeminent merchant of the USSR." The Emporium was established in 1949 by the Chinese Communists to showcase "Chinese-made products," all while stifling the "possibilities of consumerism." Conversely, the British crown had severed its claim to the HBC by 1881, and the Canadian government, nor any other government, did not have a hand in the company's formation or operations as intricately as GUM or the Emporium did at one time.

[46] See the Introduction for more on Hudson's Bay Company's origins as a chartered trading company and this 'uniqueness.'

[47] Bernard Marrey, *Les grands magasins des origines à 1939* (Paris, France: Éditions Picard, 1979), 8, 69, 256. See the Introduction for more on the debate surrounding the world's first department store.

[48] Pasdermadjian, *The Department Store*, 1.

Scandinavian stores.[49] Canada had full-sized department stores by the 1890s.[50] For non-Western countries, there is no universal timespan that can best be attributed.[51] The qualities that define the department store can be blurry, but the characteristics they popularized are universal. Ornate store appearance, an unburdened social experience, and fixed pricing are three prominent management tactics to attain the sense of freedom leaders wanted for their stores.

Department store leaders were faced with a challenge in arranging their stores. Capitalizing on conspicuous consumption meant providing customers with an unrivalled array of goods. The floor space that department stores required was not available in traditional urban areas when shop owners started to switch their operations towards larger retail institutions. To accommodate thousands of goods, enterprising merchants and trading companies had to assemble plots of land. In some cases, though, they acquired rows of existing shops, creating a hodgepodge exterior façade, linked together through reconstructed interiors.[52] But soon, most department stores were imposing structures, multi-storied and occupying a city block, with display windows lining the bottom level and featuring elaborate, "prominent entrances."[53] The stores were spectacles, and visiting one could be a whole-day affair. Colourful displays attracted customers and showcased luxury items. In essence, the exterior held the unspoken promise that greater treasures and wonders were awaiting a patron if they merely entered the store.

In department stores, 'obligation' to buy no longer dominated the event of shopping. According to Bill Lancaster, the need to 'belong' could be satisfied by looking in one of the store's

[49] Pasdermadjian, *The Department Store*, 7; "Historien Om Et Stormagasin (The History of a Department Store)" Magasin, accessed January 23, 2020, https://www.magasin.dk/magasins_historie.html. For Scandinavia, one exception is Magasin du Nord, which opened in Copenhagen in 1868.
[50] Pasdermadjian, *The Department Store*, 1-7.
[51] The complications associated with the definition of the 'department store' add to this anonymity.
[52] Clausen, "The Department Store," 22.
[53] Ibid., 25.

windows since "just admiring the goods indicated an appreciation for modern society."[54] More so, it signalled an engagement with evolving consumer culture. Entering the stores came at no cost, regardless of the amenities the store offered.[55] Leaders encouraged visitors to browse the merchandise counters and racks for no immediate purpose other than participating in the department store experience.[56] In practice, department store managers and owners knew that the greater variety of items available, the more "diversified the temptation to buy" could become.[57] Seducing the customer, through spectacle and wonderment, made them feel safe and welcomed, a feeling not previously required of store settings. It also made "mass-produced and aggressively priced" stock seem finer and worth the splurge.[58]

Astute pricing is imperative to successful salesmanship. Prior to the department store, the buyer-seller relationship was characterised by bartering. This form of transaction conformed to the image of a true market where prices responded to demand, supply, quality, and other circumstances. Customers would negotiate prices with vendors based on personal conceptions of a goods' worth. Department store leaders sought to eliminate haggling and encourage fixed pricing, called *prix uniques*.[59] Prices would be non-negotiable and clearly marked on items for customers to see. Immediate access to prices limited the interactions between shopkeepers and

[54] Lancaster, *The Department Store*, 17.
[55] Marrey, *Les grands magasins des origines à 1939*, 69.
[56] Hendrickson, *The Grand Emporiums*, 26.
[57] Ibid. 43.
[58] Crossick and Jaumain, "The World of the Department Store," 27; John Benson and Laura Ugolini, "Introduction," in *Cultures of Selling: Perspectives on Consumption and Society since 1700* (Aldershot, England: Ashgate Publishing Limited, 2006), 10. Crossick and Jaumain referred to this technique as 'the department store paradox.' Benson and Ugolini agreed, arguing that the theatrical nature of the department store added value to goods that would have appeared rather ordinary in a less-glamourous setting. The importance of expendable value is crucial to making a customer feel the need or want to pay for merchandise.
[59] Crossick and Jaumain, "The World of the Department Store," 15; Giichi Fukami, "Japanese Department Stores," *Journal of Marketing* 18, no. 1 (July 1953): 41. The idea of fixed pricing had been societally incubating for some time. While popularized by Le Bon Marché as a French method of selling, Japanese department store Mitsukoshi had established a visibly marked, one-price system during the 1670s and 1680s. Therefore, the concept was pre-existent in other locales but not standardized until department store dominance on a worldwide scale.

patrons and allowed for a relaxing customer experience.[60] In China, consumers argued that fixed pricing limited their ability to see their money's full value if they could not barter.[61] Consumers could no longer dictate a good's worth through their conception of expendable value. The store established a price that the customer had to accept. In a sense, this stripped consumers of one type of freedom in favour of providing them with another. Fixed prices became an important "method of operation" in Western retailing by the 1900s.[62] The trade-off between an ability to negotiate a price, to some extent, and the release from the haggling was decided in favour of bourgeoisie tranquility in the department store.

As department stores grew in popularity, some small-shops struggled to compete with the offerings. Michel Lessard argued that in Montreal, the competition caused the closure of many specialty stores or encouraged the establishment of retailing cooperatives in an attempt to stay open.[63] David Monod suggested that many Canadian small stores adapted through modernizing their design, accounting, or distribution systems. This did not save all small-scale retailers, but it helped them retain a presence.[64] Globally, in the 1880s and 1890s, some small businesses attempted to stir up resistance to the department store. These defiant stores claimed that department stores were unfair competition and "stood for the organized capital" out to crush independent shops.[65] During times of financial and political crisis, hostilities even emerged between French department stores and small-shops.[66] Supporters of anti-consumerism and friends of the small-

[60] Crossick and Jaumain, "The World of the Department Store," 12.
[61] Ho, "The Development of Chinese Department Stores," 280-281. Chinese department store, Sincere, faced public backlash and struggled to gain a successful momentum because fixed-pricing did not suit Chinese buying habits.
[62] Alexander and Akehurst, "Introduction," 6.
[63] Michel Lessard, "3e étage! Manteaux et accessoires pour dames!: L'ère des grands magasins au Québec," *Cap-aux-Diamants*, no. 40 (Hiver 1995): 12.
[64] David Monod, *Store Wars: Shopkeepers and the Culture of Mass Marketing, 1890-1939* (Toronto: University of Toronto Press, 1996).
[65] Crossick and Jaumain, "The World of the Department Store," 5.
[66] Ibid., 5-6.

shop promoted specialty stores as a way to save the “social health of society.”[67] They were indirectly targeting conspicuous consumption by criticizing the space and ambiance of browsing. But culture and enterprise made department stores unassailable for at least a century.

Due to the success of the department store model, many large-scale retailers opened. Whether stand-alone stores or part of a chain, rival department stores coexisted in urban landscapes. In 1960s London, John William Ferry contended that there were at least twenty department store companies. New York boasted nineteen; Canada had nine, and South Africa had four.[68] Within a city, department store executives often selected the target social class and demographic that they wanted to serve. Centrum Stores, a Hungarian department store with roots in the 1880s, catered specifically to “middle income, middle-aged couples with young families or dual-income, blue-collar households.”[69] La Samaritaine was Paris’ popular, working-class department store, whereas Printemps was more ‘chic.’[70] Japanese stores originally aligned with traditional class distinctions like warrior ancestry, nobility, or religious institutions.[71] Shanghai-based store, Wing On, wanted to attract high-class patrons, such as Chinese officials and their wives.[72] Segmenting the consumer public allowed the department store to extend its role—now established as the retail institution that the consumer revolution demanded—and paint themselves as the best establishment for their target market’s wants and needs.

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[67] Crossick and Jaumain, “The World of the Department Store,” 7.
[68] Ferry, *The History of the Department Store*, ix. These statistics do not provide any distinction between the number of companies and the number of physical store locations.
[69] Peter James, “Retailing in Hungary: Centrum Department Stores,” *International Journal of Retail & Distribution Management* 20, no. 6 (November 1992): 3.
[70] Crossick and Jaumain, “The World of the Department Store,” 25; Clausen, “The Department Store,” 26.
[71] Young, “Marketing the Modern” 59. Shirakiya catered to the “descendants of the warrior aristocracy;” Mitsukoshi targeted the “scions of the court nobility;” Daimaru attracted the “offspring of the old merchant class;” Takashimaya serviced the imperial family, and Matsuzakaya “costume[d] and equip[ped patrons from] religious institutions.”
[72] Hong, “Transcultural Politics of Department Stores,” 132.

By the turn of the twentieth century, consumerism started to play a significant role in everyday life in more affluent cities globally. Western countries like Britain, Canada, and the United States experienced the influence of commercialism in the fabric of social life. Retailers used stores to mark religious or commercial holidays, like Christmas and Mother's Day. There were forerunners of these efforts to invent traditions that marketed expendables. Greeting cards for Valentine's Day could be purchased in England as early as 1855.[73] In rural locales in Russia and China, consumerism was constrained because of historically poor agrarian populations.[74] Increased Western influence allowed Japanese consumerism to grow during the eighteenth century.[75] American consumerism began expanding into Latin American by the 1920s, and Oceania's consumerism developed with the Anglosphere, albeit at a slower pace.[76] Countries with religious views that contested consumerism tended to experience a slower growth rate. Department stores in the Middle East often needed to overcome ingrained religious and societal behaviours before becoming acceptable.[77] Today, there is hardly an economy or culture untouched by a form of consumerism.

Globally, the department store began to decline during the late 1900s. Faced with greater competition, the management techniques that made the department store unique were no longer prized as such. By 1992, weak profits afflicted British and French stores. Japanese department

[73] Stearns, *Consumerism in World History*, 58.
[74] Ibid., 83, 93.
[75] Ibid., 103.
[76] Ibid., 111; Ferry, *The History of the Department Store*, 299. Stores in Australia and New Zealand relied on England for supplies and warehouses before Australia began to industrialize. This caused European consumer trends to reach Oceania one year behind stores in Europe.
[77] Stearns, *Consumerism in World History*, 126-131. As consumerism became more prevalent, Christian countries were seeing religion on the social decline, allowing for consumer interests to take hold. Confucian-based countries, like China or Japan, were largely secular, as were many African countries with "no single religious system." Iran and Turkey encouraged consumerism and Western tastes—including Western dress—by the 1930s, despite experiencing societal hesitancy.

stores had already started to decline earlier in the 1970s to 1980s.[78] Through decentralization, increased competitors, technological advancement, and changing consumer markets, a retailing goliath from yesteryear started to fade into historical memory. Part of this decline can be attributed to the managers of stores and chains of stores' inability to re-invent a compelling cultural role. Today, consumers still purchase expendables but many have abandoned the exposure and physicality of shop browsing for online browsing's privacy and convenience. Conspicuous shopping, like conspicuous consumption, had shifted to electronic devices. As the Great Generation dies and the Baby Boomers grow older, Millennials and Generation Z will have the greatest purchasing power and expendable income. Since these generations will have a limited nostalgic connection to these grand cathedrals of consumption, many department stores will be forced to reposition themselves in the consumer marketplace or continue to face closure and repurposing.

The surge in bourgeoisie numbers and influence in tastes promoted more than conspicuous consumption; it created conspicuous browsing in a cloistered environment, free from unseemly haggling or obligatory purchasing. At the same time, there were astute entrepreneurs, builders, and architects able to take advantage of and cultivate a new attitude towards consumption. The convergence allowed department store leaders to make department stores 'magical,' freeing emporiums that provided customers with limitless material wants and fuelled consumerism's promise of a 'better' life. Store leaders saw their stores as becoming entrenched in the public's understanding of consumer life during their heyday. Still, retailing's competitive nature encouraged leaders to discover alternative tactics to keep their connection to the public strong. To do so, they sought store amalgamation with society's greater cultural or social narratives.

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[78] David Rachman and Keith J. Fabes, "The Decline of the Traditional American Department Store," *Journal of Marketing Channels* 1, no. 3 (1992): 44.

CHAPTER 2
Pillars of Purpose: Perpetuating Storytelling in Department Store Business

We begin this chapter with a discussion of some theoretical concepts of company purpose, organizational culture, and mission statements. The purpose of this digression into business literature is to provide a business world context for probing the relationship between a country's societal institutions and the particular retail experience that department stores cultivated with greater or lesser success.

A company's role and a company's purpose are different but overlapping concepts. For businesses, the underlying idea of the role is to be of use to society while pursuing financial gains. For retailers, this means selling goods and services that are designed to complement or elicit consumer desires and needs. If companies stopped selling, they would become irrelevant to society, thus, eliminating their use. The purpose of a company is based on a business' theoretical tenets. These beliefs dictate what a company's fundamental values are and how it advances those features, internally and externally.[1] It is the cornerstone of its corporate ideology and often influences a company's mission statement.

Role and purpose can provide the roadmap for a company's trajectory within the consumer marketplace. When adequately perpetuated, role and purpose allow employees and the public to conceptualize and summarize quickly a business' core philosophy and what it can provide the buying public. While role tends to stay consistent, purpose is malleable, based on changes in the retailing world.

Department store leaders established their stores' role as a freeing cultural centre of consumer taste that advanced management's financial agenda. Then leaders formulated store

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[1] Alex Edmans, "Company Purpose and Profit Need Not Be in Conflict If We 'Grow the Pie,'" *Economic Affairs* 40, no. 2 (June 2020): 292-293.

purposes that could deepen a customer's connection to a store. If the store represented what customers believed, it was presumed to be harder for customers to 'abandon' or stop shopping at a store. Therefore, management wanted to create department store purposes that integrated stores into a pre-existing public narrative.[2] They aligned store purposes with societal institutions—like state, family or religion, among others—which allowed the stores the chance to claim synonymity with these ideologies, effectively heightening their brand equity. The chosen narrative often targeted the majority population's beliefs. This caused many non-dominant narratives to be excluded. It could also affect how store clientele perceived minority perspectives outside the store because they were not exposed to them as much.

'Company purpose' is one of many terms referring to 'corporate philosophy,' alongside company 'credo,' 'vision,' 'aspiration,' and 'principle.' While there is room for interpretation, these terms are largely identical in representing "a popular expression of [a corporation's] values."[3] Prior to the 1980s, it was uncommon for companies to promote their values via a succinct purpose statement.[4] Today, most company purposes are advertised openly to the public in some form of written material, distributed in print or digital media. It is not to say that leaders cannot advertise these purposes to satisfy the public while maintaining a non-disclosed ideology as a company's true guiding principle. Even so, summarizing specific business ideologies into cohesive statements

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[2] John Colman, "Use Storytelling to Explain Your Company's Purpose," *Harvard Business Review Digital Articles* (November 2015): 2. Storytelling and narratives at a company's "corporate and individual levels" reinforce its purpose and corporate culture. For more on storytelling in business, see also Robert Gibbons and Laurence Prusak, "Stories and Identity in Organizations: Knowledge, Stories, and Culture in Organizations," *AEA Papers & Proceedings* 110 (May 2020): 187-192; Stephanie L. Dailey and Larry Browning, "Retelling Stories in Organizations: Understanding the Functions of Narrative Repetition," *Academy of Management Review* 39, no. 1 (January 2014): 22-43; and Robert Akerlof, Niko Matouschek, and Luis Rayo, "Stories at Work," *AEA Papers & Proceedings* 110 (May 2020): 199-204.

[3] Gerald E. Ledford, Jr., Jon R. Wendenhof, and James T. Strahley, "Realizing a Corporate Philosophy," *Organization Dynamics* 23, no. 3 (Winter 1995): 5.

[4] Ledford, Jr., Wendenhof, and Strahley, "Realizing a Corporate Philosophy," 5.

became more popular because they were useful in shaping organizational culture and steering employee performance.

Organizational culture comprises all aspects of a business that make its physical and emotional environment distinctive for its members.[5] It can encompass corporate structure—how the company is being run and by whom—inter-employee, employee-shareholder, employee-outsider, and employee-customer relationships, and the company's 'language'—symbols, beliefs, and expectations. Consider 1950s American diner culture. Contained to a certain environment, 'bubble dancer,' 'two dots and a dash' and 'in the hay'—meaning 'a dishwasher,' 'two fried eggs and a strip of bacon,' and 'a strawberry milkshake,' respectively—take on new, unique linguistic meanings that those outside of the organizational culture likely do not understand.[6]

Constructing a culture within a business is complicated. Michael D. Watkins claimed that defining organizational culture allowed business leaders to "diagnose problems and…to design and develop better [working] cultures."[7] However, there is no universal definition ascribed to 'culture' and its attributes in a company environment. In business literature, commonly discussed attributes include the need for consistency in an institution's behaviour, an aspect of story, and overlap of cultures. The studies on corporate culture suggest that these attributes usually arise from various social and cultural markers outside of the business that occur continuously, "rather than

[5] See also M.R. Louis, "Organization as Culture-Bearing Milieux," in *Organizational Symbolism*, ed. L.R. Pondy, P.J. Frost, G. Morgan, and T. Dandridge, 39-54. (Greenwich, CT: JAI Press, 1983); L. Smircich, "Organizations as Shared Meanings," in *Organizational Symbolism*, ed. L.R. Pondy, P.J. Frost, G. Morgan, and T. Dandridge, 55-65. (Greenwich, CT: JAI Press, 1983); M.C. Fiol, "Managing Culture as a Competitive Resource: An Identity-Based View of Sustainable Competitive Advantage," *Journal of Management* 17, no. 1 (1991): 191-211; J. Martin, *Cultures in Organization: Three Perspectives* (Oxford: Oxford University Press, 1993); M. Schultz, *On Studying Organizational Cultures: Diagnosis and Understanding* (Berlin: Walter de Gruyter, 1995); and J. Martin, *Organizational Culture: Mapping the Terrain* (Thousand Oaks, CA: Sage, 2002).

[6] "Bubble Dancer," Diner Lingo, accessed January 30, 2020, https://www.dinerlingo.com/dictionary/bubble-dancer; "Two Dots and a Dash," Diner Lingo, accessed January 30, 2020, https://www.dinerlingo.com/dictionary/two-dots-and-a-dash; "In the Hay," Diner Lingo, accessed January 30, 2020, https://www.dinerlingo.com/dictionary/in-the-hay.

[7] Michael D. Watkins, "What Is Organizational Culture? And Why Should We Care?" *Harvard Business Review* (May 5, 2013): 2.

through big shifts."[8] For simplicity, culture will be defined as "a system of shared meaning[s]" known by its followers and purveyors.[9]

Corporate leaders who have considered developing a culture and using it to guide their organization sometimes face challenges. If purpose is complicated, why institute one? The literature on organizational behaviour has supplied answers. First, corporate philosophy can help to inform business decisions and attitudes.[10] When faced with a challenging situation, a well-constructed purpose can suggest a course of action for employees. Next, it can help to reflect a company's organizational culture by promoting common goals and expectations. Lastly, employees may be motivated by company sentiments if they align with employees' private views.[11] H&M Group, the parent company of fast-fashion house H&M, is known for its sustainability efforts, claiming that "sustainability work is integrated into [their] culture and values."[12] Thus, an individual concerned with the ethical sourcing of goods is more likely to be attracted to working for H&M because it perpetuates those values.

A prominent disadvantage of a company's purpose is that if a corporation's credo is not polished and distinctive, it can be unclear how its values are supposed to impact workers' jobs and customers' experiences.[13] Purposes are not always positive, and a "poorly conceived philosophy" can create animosity, apathy, and pessimism in its adherents.[14] A perfectly constructed ideology can also fall short of expectations if it characterizes the company's environment as 'fantastical.'

[8] Watkins, "What Is Organizational Culture?" 3-5.
[9] Ledford, Jr., Wendenhof, and Strahley, "Realizing a Corporate Philosophy," 6. Followers and purveyors of corporate culture do not have to be in agreement with the characteristics to be aware of their meaning.
[10] Ibid., 8.
[11] Ibid., 9-10.
[12] "Our Strategy," H&M Group, accessed January 30, 2020, https://hmgroup.com/sustainability/vision-and-strategy.html.
[13] Jody Urquhart, "Creating Meaningful Corporate Philosophy," *Journal of Property Management* 67, no. 3 (May/June 2002): 68.
[14] Ledford, Jr., Wendenhof, and Strahley, "Realizing a Corporate Philosophy," 10.

Inevitably, it will seem unattainable and dishonest when expectations are not met. Conversely, employees can place no value on the company's ideology and reject participating in its aims.[15] Many purposes lack the influence to motivate people to work towards a common goal.

To have a suitable effect, businesses often have mission statements to support their purposes. Mission statements differ from purpose in that a mission statement represents a company's objectives. These objectives are linked to a business' purpose; however, if the purpose consists of theoretical tenets and values, then the mission statement converts those ideas into a concrete expression designed to advance a corporate agenda.[16] The length of the statement can vary from one sentence to multiple pages, depending on the business.[17] Importantly, leaders should never create a mission statement during a time of crisis. Company leaders need to positively influence their members and customers consistently, not only when the business is struggling.[18]

The primary features of a mission statement vary. Chinese e-commerce titan, Alibaba, outlines its online retailing venture as a mission "to make it easy to do business anywhere."[19] The sentiment is clear and places a focus on ease and accessibility. Google's mission—"to organize the world's information and make it universally accessible and useful"—shares qualities with Alibaba, characterising the technological nature of either company.[20] Starbucks' mission statement

[15] Ledford, Jr., Wendenhof, and Strahley, "Realizing a Corporate Philosophy," 10.
[16] Mission statements are not intended to illustrate a company's goals for the future. They are focused on conceptualizing the company in the present. Vision statements are designed to outline what leaders hope the company will be in the future and how achieving those aims is possible, as well as formulating plans to meet those ambitions. See also Jerry Allison, "A Vision Statement Taxonomy: Linking Strategic Management, Strategic Communication, and Organizational Culture," *Global Journal of Management and Marketing* 1, no. 2 (2017): 1-19.
[17] Ismet Anitsal, M. Meral Anitsal, and Tulay Girard, "Retail Mission Statements: Top 100 Global Retailers," *Academy of Strategic Management Journal* 12, no. 1 (2013): 2.
[18] Darwin L. King, Carl J. Case, and Julianna R. Carney, "Evolving Mission Statements: A Fifteen Year Comparison," *Global Journal of Business Pedagogy* 3, no. 1 (2019): 67-68.
[19] "About Alibaba.com," Alibaba, accessed January 29, 2020, https://activities.alibaba.com/alibaba/following-about-alibaba.php?spm=5386.1223793.1998081280.9.DnxhI2.
[20] "About," Google, accessed January 29, 2020, https://about.google/.

is "to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time," conveying elements of community, creativity, and connectivity.[21]

Mission statement characteristics have been well-analyzed in marketing literature. Much of the literature is informed by an ideology called the 'marketing mix' or the 4Ps—product, price, place, and promotion.[22] Business executives rely on the 4Ps to pursue their marketing goals and determine when it is the right time to make marketing decisions.[23] When applied to mission statements, the 4Ps, with the addition of 'people,' can provide insight into some of the most popular characteristics.

Mission statements with the 'product' characteristic highlight what is being offered by the business, the benefits of the offerings, and what the company is capable of because of those services and goods. Swedish retailer IKEA offers a "wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them."[24] The statement specifies what they sell, its quality and worth, and the company's drive for universal appeal. It also links to the company's vision of affordable and functional goods for various demographics of people.

'Price' can be reflected through a company's desire to have the lowest and most competitive prices while not compromising on high standards, or it can be set at a premium level

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[21] "Our Mission," Starbucks, accessed January 29, 2020, https://www.starbucks.com/about-us/company-information/mission-statement.

[22] Anitsal, Anitsal, and Girard, "Retail Mission Statements," 3. In services marketing, the 4Ps are expanded to the 7Ps and include participants, physical evidence, and process. At times, this is further expanded to the 8Ps with the addition of performance. See also Philip Kotler and Kevin Lane, *A Framework for Marketing Management* (Boston: Prentice Hall, 2012); B.H. Booms and M.J. Bitner, "Marketing Strategies and Organization Structures for Service Firms," in *Marketing of Services*, ed. James H. Donnelly and William R. George, 47-51. (American Marketing Association, 1981).

[23] E. Constantinides, "The Marketing Mix Revisited: Towards the 21st Century Marketing," *Journal of Marketing Management 22*, no. 3-4 (April 2006): 408.

[24] IKEA Group, *2017 Yearly Summary*, 2017, https://www.ikea.com/ms/en_US/pdf/yearly_summary/IKEA_Group_Yearly_Summary_2017.pdf.

to support a posh label. Walmart International proclaims its ability to "help families save money so they can live better."[25] The statement focuses on the affordability of the company's merchandise and how it can contribute to a higher quality of life for their customers. Jewellery brand Swarovski uses the term 'high-quality' to signify its merchandise's high price point.[26]

'Place' involves physical or digital location and distribution logistics, as well as consumer environment. Companies emphasizing 'place' tend to focus on their superior distribution capabilities or the need to meet consumer demands. Online shopping has enabled customers to demand service and quality goods "be served their way, when they want it, and where they want."[27] Lotte Department Store, a member of South Korean conglomerate Lotte Corporation, aims to "reach beyond Korea and become a top-class global distributor," pulling on both distribution and geographic characteristics.[28]

'Promotion' links to marketing communications or the techniques used to try and generate customer interest in a business' goods and services. It connects to any "traditional and non-traditional media."[29] Thus, it includes public relations, sales, or advertisements. 'Promotion' is seldom specifically referenced in mission statements, but it acts as a vehicle for a company to push its mission statement.

'People' is a new 'P' that has appeared with some frequency in these statements in recent years. Under this category, a company targets employees, customers, and investors as a crucial component to a successful business. It can range from stressing the benefits of friendly employee

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[25] "Our Business," Walmart, accessed February 4, 2020, https://corporate.walmart.com/our-story/our-business.
[26] "Our Mission," Swarovski, accessed October 5, 2020, https://www.swarovskigroup.com/S/aboutus/Brand_values.en.html.
[27] B.R. Londhe, "Marketing Mix for Next Generation Marketing," *Procedia Economics and Finance* 11 (2014): 337.
[28] "About Us," Lotte Department Store, Lotte Corporation, accessed February 4, 2020, https://www.lotte.co.kr/global/en/business/compDetail.do?compCd=L201.
[29] Anitsal, Anitsal, Girard, "Retail Mission Statements," 3.

demeanour to the importance of customer satisfaction and convenience.[30] For department store managers, a focus on the element of 'people' was significant since they wanted their stores to align with social institutions and qualities that appealed to their target market.

Regardless of its components, a mission statement enables a company to accentuate its purpose. Mission statements advocate and summarize a business' prime objectives and help keep them at the forefront of company decisions and make an impression on consumers' minds. If a business fails to live up to its mission statement, its fundamental structure and positive standing in consumer society may falter. This was the risk that department store managers needed to weigh when considering aligning stores with social principles.

Companies may undergo reorganization to try and change or refresh their purpose if it has become stale or inadequate. Larger businesses can struggle with revamping their resources and hierarchies because they are deeply ingrained in employee and customer mindsets, making innovation harder to achieve.[31] However, to become a great, endurable business, a company needs to maintain the core ideology that shows its uniqueness and stimulates progress.

Business scholar Jim Collins argued that companies preserve their core values and purposes through a model called 'Preserve the Core/Stimulate Progress.'[32] Collins' model is based on the idea that successful companies are guided by core values and a core purpose, in addition to seeking financial gains.[33] These attributes not only help companies create suitable identities, but it gives them a better opportunity to endure and prosper. Collins also believed that companies should change and freely embrace new avenues to do so, but their core principles and purposes should not

[30] Anitsal, Anitsal, and Girard, "Retail Mission Statements," 7-9.
[31] Sarah Vela, "Knowledge Management, Diversity, and Professional Hierarchies in Libraries," *Journal of Library Administration* 58, no. 8 (November/December 2018): 846.
[32] Jim Collins, *Good to Great: Why Some Companies Make the Leap…and Others Don't* (New York: HarperBusiness, 2001), 195-197.
[33] Jim Collins, "Building to Last," *Leadership Excellence* 28, no. 12 (December 2011): 20.

be altered. This is because the core elements of a business if it is thriving, have proven effectiveness and helped them to achieve a certain status or success which should not be discarded.

Now that we have explored some of the themes in business culture, the time has come to shift attention to the social institutions that store management used to inform department store purposes. Social institutions are made up of long-standing, shared features, duplicable in society, that affect their environment's structure and character. Its features can drive certain human behaviours via "positions, roles, norms and values" that become ingrained in the lives of those affected.[34] Family, religion, government, language, and legal systems are some formal and informal social institutions that inform a person's upbringing. For instance, think about how people are socialized differently depending on their language. Some languages, like Korean and Japanese, use honorifics—morphological levels of formal and informal speaking embedded in a language system—that inherently dictate "social factors such as age, socioeconomic status, and gender" between individuals.[35] Whereas English speakers do not possess an equatable grammatical system that naturally expresses social factors. By utilizing social institutions in a company's purpose, department store managers could tap into a population's underlying attitudes or principles and use them to profit and increase their brand equity.

Family is the first social institution to influence the lives of most individuals. Children can absorb behaviours and views from their family members, which can then be duplicated in the child and projected onto their children and so on.[36] It is a social institution everyone is familiar with and

[34] Jonathan Turner, *The Institutional Order* (New York: Longman, 1997), 6.
[35] Kiri Lee and Young-mee Yu Cho, "Social Meanings of Honorific/Non-Honorific Alternations in Korean and Japanese," *Korean Linguistics* 17, no. 2 (July 2015): 207. Using different languages in different situations can also inform a person's socialization. A child may speak Spanish at home to their Spanish-speaking parents but speak English at school to their classmates. This creates two separate environments where the child switches into the language that is better suited for the environment. This concept is known as 'code switching.' See also Judith Rich Harris, "Where Is the Child's Environment? A Group Socialization Theory of Development," *Psychological Review* 102, no. 3 (July 1995): 458-489.
[36] Harris, "Where Is the Child's Environment?" 482.

can connect to, making it ripe for commercial exploitation. The development and perpetuation of a familial environment for employees and customers is a prominent feature contributing to department store purposes.

A step towards convincing the public of the department store's retailing significance involved managers trying to convince their employees of this idea as well. Most store leaders wanted their employees to perceive the relationship between the company and themselves as a family unit.[37] Moreover, the phenomenon is apparent in recent accounts. American department store Nordstrom's popular sentiment is that "loyalty [from employees to company heads] is earned, not expected." [38] Nordstrom leaders wanted employees to feel that the upper-level executives cared for them and wanted them to succeed as "motivated, self-empowered entrepreneurial men and women."[39] Additionally, department store leaders wanted aspects of family, like loyalty, support and respect, to translate into the way employees viewed their jobs. Leaders at Dupuis Frères, a Canadian department store defunct as of 1978, encouraged employees to honour the original members of the founder's family and be kept up-to-date regarding staff birthdays and deaths.[40] For Dupuis Frères, the company name itself evoked a family connotation with its emphasis on brotherhood, as did the company credo: "*famille, foi et patrie*."[41] This organizational culture of family fosters personal sentiment, meant to inspire loyalty to the company, its community, and its purpose.[42]

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[37] David Chaney, "Department Store as a Cultural Form," *Theory, Culture & Society* 1, no. 3 (January 1983): 23.
[38] Robert Spector and Patrick D. McCarthy, *The Nordstrom Way: Inside of America's #1 Customer Service Company* (New York: John Wiley & Sons, Inc., 2000), 31.
[39] Spector and McCarthy, *The Nordstrom Way*, 34.
[40] Robert Trudel, "Famille, Foi et Patri: Le Credo de Dupuis Frères," *Cap-aux-Diamants*, no. 40 (Hiver 1995): 29.
[41] Trudel, "Famille, Foi et Patri," 26. The credo translates to English as 'family, faith and homeland.'
[42] During increasing unionization pressure throughout the twentieth century, department store leaders often used 'family' as a way to try and stave off workers' demands. Company leaders inferred that if employees pushed for unionization, it would equate to a 'betrayal' of the family unit. See also Mary Catherine Matthews, "Working for Family, Nation and God: Paternalism and the Dupuis Freres Department Store, Montreal, 1926-1952," (MA diss., McGill University, 1997), 12.

Globally, various religious systems play instrumental roles in the lives of citizens. Instructing them in morals, stories, and ethics, spirituality in any form can be influential in how a person conceptualizes the world around them. Unlike other social institutions, religion has rarely been enlisted by executives in the modern retail world. However, prior to widespread secularization, department store leaders exploited this social institution, regardless of the religion.

The lavish elements found in department stores do not immediately lend themselves to the calm and, at times, solemn atmosphere associated with religion. Still, cathedrals of consumption managed to incorporate religious values and images into their stores and company cultures. Chinese department stores, Wing On and Sincere, originally had a mandatory Christian service on Mondays for employees.[43] Managers at Dupuis Frères knew that having their employees attend church and involving them in the Catholic community reflected well on the company in Montreal society.[44] Similarly, Australian department stores throughout the 1920s and 1930s "drew on religious education['s]…moral underpinning[s]" of "honestly, loyalty, service, duty, compassion and sincerity" when training their employees.[45] Canadian store Eaton's used "evangelist rhetoric of a Protestant nature" to advertise the store as "benevolent and religious" in nature, to align with their patrons' largely white, Anglophone views.[46]

In Philadelphia, Wanamaker's had a 'Christian' value system engrained into its store's purpose and 'preached' a down-to-earth way of conducting business that contrasted the

[43] Hong, "Transcultural Politics of Department Stores," 138-139.
[44] Trudel, "Famille, Foi et Patri," 28.
[45] Sophie Loy-Wilson, "The Gospel of Enthusiasm: Salesmanship, Religion and Colonialism in Australian Department Stores in the 1920s and 1930s," *Journal of Contemporary History* 5, no. 1 (2016): 94. Grace Brothers had employees swear to a 'Gospel of Enthusiasm' about selling while placing a hand on the King James Bible. Inferring that business doctrines are on par with religious texts—even in a joking manner—shows there was a conscious link between department stores and religious ideologies, enforced by department store leaders.
[46] Belisle, *Retail Nation,* 58.

"exploitative world of commerce and capitalist consumption."[47] John Wanamaker, the founder of Wanamaker's, was raised in a Calvinist family and maintained a strong faith that influenced his business throughout his life. Wanamaker purchased two paintings of Christ—*Christ on Golgotha* and *Christ before Pilate*—painted by Mihály Munkácsy, for his store's showroom floor.[48] By displaying Munkácsy's artwork in his store, Wanamaker could profit from the increase in customers who wanted to see the paintings and maintain the works' spiritual significance and their connection to the 'Christian values' of the store. Wanamaker denied that the paintings were used to lure people into his store, claiming he would not associate the masterpieces with his business. However, by 1911, the paintings were regularly displayed in Wanamaker's Grand Court.[49] Wanamaker's fusion of commerce and religion was exceptional, but religion was a standard part of company culture in some form for many department stores.

Nationalism is a social institution, albeit not capable of existing independent of another social institution. As an ideology, nationalism is inserted into a pre-existing social structure—like family—and fosters a sense of belonging in its members.[50] Since nationalisms can revolve around shared cultural, political, ethnic, and civic ties, they are strong ideological forces. By connecting to nationalism, department store leaders in several instances have enabled their stores to step in as a symbol of their nation, often representing progress and modernization. Kingsway, a defunct department store in Ghana, had served as a symbol for "national pride" due to its modernity and

[47] Laura Morowitz, "A Passion for Business: Wanamaker's, Munkácsy, and the Depiction of Christ," *The Art Bulletin* 91, no. 2 (June 2009): 194, 197. See also Nicole C. Kirk, *Wanamaker's Temple: The Business of Religion in an Iconic Department Store* (New York: New York University Press, 2018); William R. Leach, *Land of Desire: Merchants, Power, and the Rise of a New American Culture* (United States: First Vintage Books, 1994).
[48] Morowitz, "A Passion for Business," 194, 197.
[49] Ibid.
[50] Catherine Baker, "Grounded Nationalisms: A Sociological Analysis," review of *Grounded Nationalisms: A Sociological Analysis*, by Siniša Malešević, *Nations and Nationalism* 26, no. 1 (January 2020): 289.

sign of consumerism, despite only targeting "urban middle- and upper-class Africans."[51] Because of nationalism's diverse, flexible and, occasionally, conflicting variants, nationalism is difficult to affix to a company's purpose. However, it is not impossible. In attempts to target one nationalism in a society with a composite population, companies forgo other variations and, intentionally or not, can ostracize those outside the selected nationalism.

Canadian nationalism is a topic of much discussion amongst Canadian historians because Canada does not possess one definite nationalism. Instead, a triad of nationalisms, encompassing English-Canadian, French-Canadian, and Indigenous peoples, is often recognized by academics and, to a different extent, the Canadian public.[52] At their core, English- and French-Canadian nationalisms are meant as blanket terms to connect all Canadians who speak either English or French, respectively. However, further cultural characteristics tend to amplify the public conceptions of national identity.[53]

[51] Bianca Murillo, "'The Modern Shopping Experience': Kingsway Department Store and Consumer Politics in Ghana," *Africa: Journal of the International African Institute* 82, no. 3 (August 2012): 370, 378, 392. Ghanaian Prime Minister Kwame Nkrumah believed that the Kingsway had the possibility of contributing to his vision of a "new modern [Ghana]," prior to Ghanaian independence in 1957, regardless of the local and lingering colonial challenges surrounding race and gender during the 1950s.

[52] Citizenship and Immigration Canada, *Discover Canada*: *The Rights and Responsibilities of Citizenship* (Ottawa: Minister of Public Works and Government Services Canada, 2009), 10. These are the only groups recognized by the Canadian government as the founding peoples of Canada as stated in the Canadian Citizenship Guide. Indigenous groups in Canada cannot realistically be amalgamated into one cohesive nationalism since it would be misleading to infer that all clans and tribes are identical to one another. For pragmatic reasons, the term 'Indigenous' in this thesis will be used to refer to First Nations, Inuit, and Métis individuals and groups. The nationalism triad also eliminates the inclusion of non-Anglophone or non-Francophone individuals who contributed and contribute to Canadian society. A multi-ethnic or multicultural nationalism gained popularity in the 1960s. It is more inclusive to a multicultural society as it is based on self-identification and pride in characteristics that unify similar individuals—like behaviour, ideological convictions, or religion. See also Peter Henshaw, "John Buchan and the British Imperial Origins of Canadian Multiculturalism," in *Canadas of the Mind: The Making and Unmaking of Canadian Nationalisms in the Twentieth Century*, ed. Norman Hillmer and Adam Chapnick, 191-213. (Montreal: McGill-Queen's University Press, 2007).

[53] Because department stores in Canada are more inclined to latch onto French- or English-Canadian nationalism, those two nationalisms will be further explored.

French-Canadian nationalism is linked to the French language, Catholicism, and common histories or stories.[54] It can include cultural symbols that harken to French colonialism in North America and its 'heroes' such as seventeenth-century courtier, Louis de Buade de Frontenac, or Madeleine de Verchères.[55] An emphasis on family and the importance of preserving the French language creates a distinct and readily projected version of nationalism. Leaders at Dupuis Frères liked to insist to their Quebec-based customers that the store was a French-Canadian fashion house, which was a strike against the Anglophone bourgeoisie who, supposedly, questioned Francophone enterprise.[56] From 1912 onward, Dupuis Frères' catalogues were printed solely in French and celebrated that it was a successful business without "*sacrifier la langue française*."[57] This was designed to rally a loyal clientele, but it alienated other cultural or ethnic groups.

Prior to the 1960s, English-Canadian nationalism had been linked to Canada's imperial past. Christianity, the British monarchy, and membership in the British Empire or Commonwealth contributed to the conceptualization of an 'English Canada.'[58] Many 'country founding' and 'nation-building' moments—like the fur trade and settling Western Canada—are ascribed as

[54] Montserrat Guibernau, "National Identity, Devolution, and Secession in Canada, Britain and Spain," *Nations and Nationalism* 12, no. 1 (January 2006): 52.
[55] Colin M. Coates and Cecilia Morgan, "Images of Heroism and Nationalism: The Canadian Joan of Arc," in *Heroines and History: Representations of de Verchères and Laura Secord*, 41-43. (Toronto: University of Toronto Press, 2002).
[56] Lucia Ferretti, "Nationalisme (Nationalism)," Le Magasin de Peuple, Dupuis Frères Limitée, accessed February 13, 2020, http://experience.hec.ca/dupuis_et_freres/le-magasin-du-peuple/nationalisme/; Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/A3. Historique, 1910-1977, 1982. When asked about what interest French-Canadians should have in the success of Dupuis Frères, department store leaders at the time inferred that shopping at the store helped fellow French-Canadians to succeed and that spending their money elsewhere could ultimately work against the pursuit of Francophone economic prosperity. In essence, shopping at the department store would be a way of promoting your nation. In the 1920s, shopping at Korean department store Hwashin Department Store was similarly associated with Korean national pride because of its promotion of Korean products made by Koreans for Koreans during the Japanese colonial era. Hong, "Transcultural Politics of Department Stores," 136.
[57] Ferretti, "Nationalisme (Nationalism)."
[58] Daniel Francis argued that these British ideologies disseminated a racial hierarchy in which anyone who "was not English speaking, fair skinned, and devoutly Christian" was not considered a 'proper' Canadian. Daniel Francis, *National Dreams: Myth, Memory, and Canadian* (Vancouver: Arsenal Pulp Press, 1997), 70. See also W.L. Morton, *The Canadian Identity* (Toronto: The University of Toronto Press, 1972); and Carl Berger, *The Sense of Power: Studies in the Ideas of Canadian Imperialism, 1867-1914* (Toronto: University of Toronto Press, 2013).

English-Canadian successes. After the 1960s, there was a focus on distinguishing English Canada as 'morally superior' to the United States and solidifying stereotypes and cultural symbols—like the maple leaf, beavers, adventure, wilderness, Mounties, and hockey—in public narratives.[59] Still, the imperial legacy did not disappear. It lingers in *Discover Canada*, the official Canadian citizenship guide. English-Canadian nationalism is arguably the majority nationalism of Canada and has a potential economic advantage when harnessed correctly in a company's purpose.

Management at Hudson's Bay has used and uses English-Canadian nationalism's social institutions to perpetuate relevancy in the retail marketplace and consumer minds. The HBC and its department stores have changed significantly throughout the years, although the company is unwilling to relinquish its legacy or the title of "Canada's Iconic Department Store."[60] By analyzing some qualities that company leaders have input in the HBC's and Hudson's Bay's purposes, it becomes apparent that management sought alignment with a variant of English-Canadian nationalism. Examining the 1920s to 1930s, the 1960s to 1980s, and the 2010s to 2020s shows management's dedication to this narrative and the problems it poses.

By 1926 and the Winnipeg department store's completion, the HBC had sustained an active presence in North America for over two hundred and fifty years.[61] Linked to the fur trade and the expansion into and settlement of Western Canada, HBC leaders consistently focused on the longevity of the company's heritage. Its successes, they were fond of repeating, contributed to the history of Canada; thus, they were Canada's successes too. In effect, the company and the country

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[59] For a discussion of Canadian 'moral superiority' over America, see Peter Hodgins, "Why Must Halifax Keep Exploding?: English-Canadian Nationalism and the Search for a Useable Disaster," in *Settling and Unsettling Memories: Essays in Canadian Public History*, ed. Nicole Neatby and Peter Hodgins, 569-590. (Toronto: University of Toronto Press, 2010).
[60] "Home," Hudson's Bay, accessed February 13, 2020, https://www.thebay.com/.
[61] "1926," Timeline, Hudson's Bay Company History Foundation, accessed February 13, 2020, http://www.hbc heritage.ca/classroom/timeline.

were affiliated entities. This was the cornerstone for how management conceptualized their relevance in modern Canada. It became the key factor it used to combat rival department stores.

In 1920, Sir Robert Molesworth Kindersley, the HBC's Governor from 1915 to 1925, stated that:

> The highest prosperity of the Company is and must continue to be bound up with the welfare of Canada, and it is no exaggeration to say that the future of the Company depends upon the Service it renders to the country it has helped to make.[62]

Immediately, two characteristics are noticeable. Kindersley highlighted the HBC's part in building Canada and the need for the business to excel in service. 'Service' can be interpreted as two-fold: first, the service Hudson's Bay provides to retail customers and second, as a contributor to Canadian history and Canadian stories.

An October 1920 issue of *The Beaver* magazine, a historical publication dedicated to all HBC's activities and later company-curated Canadian history, elaborated on Kindersley's statement by claiming that the company's longevity is justified in its service.[63] The company's purpose was to keep serving well and prompt the Canadian public to "remember the Company's glorious past," which was a confirmation of its commitment to service.[64] Throughout the 1920s, the company continued to push the idea of service as central to its purpose. In 1921, management outlined the main ideal of the company for employees in an issue of *The Beaver*:

> With the Company, to *serve* means to *satisfy*. Real satisfaction results only from high quality merchandise and high standards of business dealing. The honor of H.B.C. is bound up with these, because the Company established them as Ideals *centuries* ago.[65]

[62] "Service – Our Aim," *The Beaver* I, no. 1 (October 1920): 10-11.
[63] The HBC abandoned *The Beaver* in 1993, and the magazine became the property of Canada's National History Society. The HBC incorporated Canada's National History Society as "an independent charitable organization" in 1993. The HBC transferred ownership of *The Beaver* to the Society for the purchase price of one dollar. "About Us," Canada's History, accessed October 5, 2020, https://www.canadashistory.ca/about-us/our-history.
[64] "Service – Our Aim," 11.
[65] "Ideals," *The Beaver* I, no. 5 (February 1921): 11.

The emphasis on service is connected to a deeper historical legacy that the company has maintained since its inception. Importantly, the idea of public satisfaction is clearly expressed. In a mercantile sense, executives intended for their products and services to be desirable and effective for customers. The 'high standards' of business conduct were vaguely described, but there is an implication that, if not met, shame or dishonour would befall the company. Therefore, 'to satisfy' took on a secondary meaning of meeting expectations. Company leaders presumed that the buying public had a knowledge of its history and expectations of a transfer of its alleged 'purpose' into retailing. If they were part of a greater historical narrative that was meant to inspire pride in English Canada, was it living up to the standard of its past conduct? The appeal to history as a validation of service was not unusual in early twentieth-century Canada.

Further, management highlighted the ideals of the company as superior to other companies to advocate distinction. The company acknowledged that a business' success was determined by its record of commitments to ideals.[66] However, the employees were told to discount the sincerity of rival companies who preached 'service' as central to their purpose. The HBC's leaders claimed businesses could not meet their standards and only recited 'service' as a core value in a "trite, meaningless, parrot-fashion" compared to the HBC and Hudson's Bay.[67] Outwardly, management could not have another company infringe on their ideals because it would make them seem less original and, therefore, less unique to the public. Inwardly, they understood the value of attaching themselves to a greater narrative and why this would be desirable for other companies as well.

Affirmation that the company was linked to Canadian history also came from external sources. This added an additional layer of 'legitimacy.' During the Victoria store opening in 1921,

[66] "Ideals," 10.
[67] Ibid.

Sir Edward Wentworth Beatty, then President of the Canadian Pacific Railway, praised the HBC's contribution to Canada.[68]

> When we see the monuments raised in the way of modern buildings and modern developments of old enterprises, we are apt to forget the pioneer who made it possible and the hardships and dangers [the Company] cheerfully underwent in order to make this future development possible.
>
> We are apt to take it as a matter of course and we overlook the sacrifices of the earlier days, without which this development would not be possible and so if this new evidence of the progressiveness of the Hudson's Bay Company is accepted by us as the logical result of modern expansion we should not forget that the credit of it is divided between those whose perspective was so wide as to permit of the inception of the enterprise and those whose wisdom and confidence in Canada expressed themselves in this appropriate development over two hundred and fifty years later…
>
> We know that the spirit of enterprise and of faith which actuated its pioneers still prevails…[69]

Beatty's sentiment was designed to inspire national pride in the HBC but also indirectly in his own company. The pairing of the HBC and the CPR was not by chance. By referring to the HBC as the pioneer of modern retail success, there is an element of romanticism. The idea that the original fur traders and trappers of the company faced hardships and challenges gladly paints the image of heroism and adventure in the Canadian wilderness.

Beatty claimed that while department stores were the newest phase of the company, modernization and the very existence of a Canadian marketplace—or Canada—grew from much earlier endeavours. It implied that only those who possessed the qualities of an 'HBC Man'—courage, wisdom, strength, vision, and hardihood—could have established the groundwork for modern Canada.[70] Moreover, he inferred that these qualities still existed. How widely and deeply the HBC and CPR were revered is open to question. On the one hand, many Canadians after World

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[68] The CPR is another corporation that is strongly connected to Canada's founding mythology in English-Canada. It is possible that in this speech, Beatty is expressing a similar pride for Hudson's Bay Company that he could have felt for the CPR's legacy if he conceived of them both as founding enterprises.
[69] A.S. Wollard, "New H.B.C. Department Store Opened at Victoria," *The Beaver* II, no. 1 (October 1921): 6.
[70] Wollard, "New H.B.C. Department Store Opened at Victoria," 6.

War I (WWI) were open to a maple-leaf patriotism. On the other hand, the HBC and CPR were not universally admired.

The romantic elements associated with the company's purpose were still prevalent in the 1930s. In March 1934, the *New York Times* ran an article that discussed public perceptions of the HBC.[71]

> [The HBC] is the world's largest purveyor of romance…But to ninety-nine persons out of a hundred…[the HBC name] stands for the last of the great open spaces on this continent, and for the Canadian mounted police who get their men, and for [Vilhjalmur] Stefansson's 'friendly North,' and for herds of reindeer in a ten years' trek from Alaska to Baffin Land, and for that trading post and Eskimo life…[72]

This passage is littered with idealistic and problematic descriptors, but the description is connected to the core nationalistic theme. The idea of land settlement, the wilderness, and trading posts connect to the age of exploration. The reference to the Royal Canadian Mounted Police also situates the HBC next to another English-Canadian nation-building institution. These references were prominent markers of English-Canadian nationalism. It also demonstrates how, at the time, the company's perpetuation of these ideologies was working. At the least, there was a heavy association between the company and a mythologized Canada.

Service and historical legacy continued to influence Hudson's Bay's purpose into the 1960s through 1980s. Department stores began to experience intense rivalry from retail competitors by the 1960s.[73] New retail forms challenged the department store way of shopping. Canadian department stores struggled to be distinctive against these new retail shops and competing department stores. This meant that most department stores tried to reposition to meet the threat. In a 1968 corporate presentation discussing Canadian and American department store image,

[71] "Topics of The Time – Business is Romance," *New York Times*, March 29, 1934, 22. It can be presumed that the perception of Hudson's Bay Company as a romantic institution flourished outside of Canada since the *New York Times* is an acclaimed newspaper that reaches an international audience.
[72] "Topics of The Time – Business is Romance," 22.
[73] See Chapter 11 for more on department store competition.

Hudson's Bay executives contended that their company did not face the same circumstances to the same degree because their company was "endowed with a built-in difference" at its core.[74]

> Its history as one of the greatest of the great mercantile empires…and the only survivor…as purveyor of sustenance to intrepid settlers of the Canadian wilderness…as founder of great cities…as present provisioner for the remote and mysterious north, partner of mounties and government…is the stuff of which romantic tales are made.[75]

While most of the romantic, historical characteristics remain similar to 1920s and 1930s variants, the statement takes another leap. The passage infers that its history exists without comparison or definition. It is an enterprise capable of enduring, untouched by 1960s retail concerns. This was a misguided assumption. Still, expressing the company this way shows that its leaders believed or wanted to believe that their legacy could allow the company to survive, regardless of circumstances. They were, at the time, unchallenged by any rival retail institution that could "genuinely [claim to] identify with the newly self-conscious [English-] Canadian nation."[76] Therefore, to their perceived ability, they had managed to capitalize on an ideology that made them irreplicable to the Canadian public. However, more minority voices were beginning to surface and push back against these nation-building narratives. This drew attention to the problems that these narratives perpetuated.

Hudson's Bay executives disregarded the problems associated with their historical legacy in favour of profit. A 1968 corporate presentation stated that the company knew aspects of its history, particularly the HBC's relationships with certain Indigenous peoples, was unflattering. Still, they decided against correcting or revealing any 'sensitive' incidents since "only a few historians [were] really aware," and those incidents would not contribute positively to the

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[74] Hudson's Bay Company Archives (HBCA), Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, 602 Corporate image, 1972-1973, H2-271-3-5.
[75] HBCA, HBC corporate secretary's subject files, 602 Corporate image.
[76] Ibid.

company's selling goals.[77] By ignoring these relationships, it eliminated the opportunity for Indigenous peoples to be recognized for their contributions to the company and Canada's success. Moreover, executives decided that refusing to exploit the romanticized version of the company's historical legacy would be to forfeit an image advantage. If they did not aggressively promote its unique history, another company might try to affix its purpose and image to English-Canadian nationalism. In 1972, HBC leaders recognized that Hudson's Bay's retail position could be significantly weaker in the future if they did not take the time to fortify the foundations that they had built themselves upon.[78] Two years later, a 1974 illustration in *The Beaver* summed up the HBC's purpose. The image consisted of four drawings associated with developing Canadian society, ranging from ships sailing at sea to houses dotting an idealistic pioneer landscape. The caption read:

> Sea to sea…across the span of three centuries…Ours is a tradition of service to Canadians.[79]

The statement highlights the endurance of the company's legacy in North America. 'Tradition' embodies an emotional connotation of familiarity. The underlying sentiment sought to separate the company and its leaders from mere business and instead establish the HBC as a nation-builder that loves Canada as it loves its customers. The use of 'sea to sea' directly references the Canadian national motto: A Mari Usque Ad Mare, or 'From Sea to Sea.'[80] Just as the borders of Canada stretch from the Pacific coast to the Atlantic Ocean, so does the HBC with its chain of department stores. Lastly, 'service' remains a consistent attribute that underpins the company's original purpose at incorporation and three hundred and four years later.

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[77] HBCA, HBC corporate secretary's subject files, 602 Corporate image.
[78] Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 602.2.1 CORPORATE IDENTITY Advertising, 1968-1975, H2-224-6-2.
[79] "From sea to sea…" *The Beaver* (Autumn 1974): 2.
[80] In French, the motto is: *D'un ocean à l'autre*. "Official Symbols of Canada," Government of Canada, accessed February 14, 2020, https://www.canada.ca/en/canadian-heritage/services/official-symbols-canada.html#a23.

By the 1980s, the HBC was segmented into three operating divisions: Department Stores, Wholesales, and National Stores.[81] While all three divisions pursued financial gains and increasing shareholder value, their purposes differed. In 1983, the Department Store Division's purpose statement was:

> To be the leader in satisfying the needs of middle-Canadians who seek quality and good value in their lifestyle needs. We will conduct our business activities with integrity and good taste recognizing and reinforcing our image, Canadian heritage, traditions and responsibility.[82]

This statement is more reminiscent of a modern mission statement since it provides the roadmap for the company's retailing objectives. The use of the term 'service' has disappeared as an essential component of corporate purpose, while the concept is not completely lost.[83] Using the term 'satisfying' alludes to the 1921 company ideal that 'serving is satisfying.' The company could continue to sell goods of high value and quality that generations of Canadians had purchased from their stores. 'Integrity' acts as an important trigger word. Hudson's Bay's dealings could be trusted, as HBC's had been for centuries.

By claiming the HBC's business tactics are performed with Canada's history in mind, company leaders can link the two concepts together. In essence, it is perpetuating the interconnection between its history and Canada's. The need to 'recognize' and 'reinforce' connects to the executives' intention to amplify the company's association with Canada. 'Tradition' is used in an alternative context by 1983. Instead of referring solely to the company's way of business conduct, it is meant to symbolize the reinforcing of the traditions of the populace it serves—while problematic in its vagueness. Further, 'responsibility' is similarly vague but can refer to Hudson's

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[81] Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, Five-Year Plan, the Bay 1983, 1983, H2-271-4-7.
[82] Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 179: Five-Year Plan - Department Stores, 1983 (1/2), 1982-1983, H2-247-2-5.
[83] Ibid. Hudson's Bay Company leaders continued to emphasise the importance of having good service to its sales personnel during training.

Bay's promise to provide quality goods and services to its customers, a social responsibility, though unlikely a concept of prominence in the 1980s, or a responsibility to preserving Canada's heritage in the shape of the company. A company's leadership may occasionally resolve to change its purpose to better conform to social and economic imperatives.

By the 2000s, the company's connection to Canadian history was proving to be unpractical. In 2013, the task of uniting the HBC's family of stores—Hudson's Bay, Zellers, and Home Outfitters—as "One HBC" took priority in the company's purpose.[84]

> Hudson's Bay Company is a seamless retail organization built to best serve the needs of the majority of Canadian consumers through several high-focused formats, linked by customer bridges and enables [sic] by common and integrated support services.[85]

The intention was to implant a common set of goals amongst their family stores, focusing predominantly on servicing three diverse customer bases. The emphasis on historical attachment was abandoned. Instead, this quality was intertwined into four ideologies: Choice, Reach, Trust, and Growth.[86] Three of the four qualities acknowledged the company's connection to Canadian heritage, but in relation to retailing entirely, not nation-building. As the older corporate version of nation-building fell away from national imagery, it no longer served the HBC's purpose. Consumerism had priority.

> Choice. As Canadian society had changed, so has Hbc [sic].
>
> Reach. From our first trading posts in the Canadian north to our first downtown locations, we have leveraged our sense of adventure and exploration and developed a vast, geographic reach, servicing Canadians from coast to coast to coast.
>
> Trust. For over 330 years, Hbc [sic] has been a name Canadians can trust. We have a unique position in this country and a unique relationship with our customers. We are

[84] "About HBC," Hudson's Bay Company, accessed February 19, 2020, https://www2.hbc.com/hbc/about/strategy/. This is presumed as the Hudson's Bay Company family did not include Saks Fifth Avenue, acquired in 2013, in the list of Hudson's Bay Company banners. Importantly, as of February 2020, Hudson's Bay Company has two live websites with conflicting information about what the company's purpose is, how many store locations are under its banners, its list of 'family members,' and its number of employees. Data from Annual Reports 2015 to 2017 similarly show a lack of correlation with website statistics and report statistics.
[85] "About HBC."
[86] Ibid.

> committed to building that relationship and earning that trust everyday. We are also committed to providing the highest service in our stores and adhering to the strictest standards in the production of our merchandise.[87]

Throughout the 2010s, the HBC had continued incorporating a multitude of department store chains and retail chains globally. The company's retail landscape had changed, and its association with Canadian history was not an applicable component to its European or American store holdings. Thus, its purpose expanded to include real estate. It is worth noting that management was willing to adapt or abandon its nationalistic approach for other countries, yet less willing to do so for other groups in Canada. The HBC's 2015 *Annual Report* listed two purpose statements, albeit worded in a different manner, that blended service, history, and physical assets in the company's purpose.

> Hudson's Bay Company has been delighting our customers with innovative products for more than 340 years. Founded in 1670 as 'A Company of Adventurers,' we continue this tradition today with our innovative strategy of operating diverse retail banners combined with a portfolio of valuable real estate.[88]

> Hudson's Bay Company is one of the fastest-growing department store retailers in the world, based on its successful formula of driving the performance of high quality stores and their all-channel offerings, unlocking the value of real estate holdings and growing through acquisitions.[89]

An emphasis on merchandise offerings was later dropped in succeeding annual reports and, as of February 2020, is not mentioned in any investor or public online information. As of 2020, the HBC does not publicly differentiate a purpose for its corporate enterprise and its department store holdings. At a corporate level, the company's purpose has evolved into a terse, unromanticised declaration meant to reassure investors and guide management.

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[87] "About HBC." Implying that the company has had the Canadian public's trust for 330 years would presume that the statement including these pillars and the company purpose was written in 2000.

[88] Hudson's Bay Company, *2015 Annual Report*, June 2016, https://www.sedar.com/GetFile.do?lang=EN&docClass=2&issuerNo=00033738&issuerType=03&projectNo=02495654&docId=3936428.

[89] Hudson's Bay Company, *2015 Annual Report*.

> A diversified retailer focused on driving the performance of high quality stores and their omnichannel platforms and unlocking the value of real estate holdings.[90]

The lack of distinction for its independent retail endeavours is worrisome as it creates an unclear picture of what each banner has to offer to its consumer base. In addition, the 2020 company purpose is more of an internal declaration than an external one. It lacks personality and a clear understanding for the public of what company leaders want to portray. Thus, from a consumer perspective, the purpose is lacking the 'people' element. No longer is the purpose associated with servicing the customer or the way the company can relate to the consumer. It signals a loss of touch with the foundational ideas of the company. This is part of the reason why it has lost its relevance to the Canadian public. The public needs to associate a business with its purpose in society. For a century, the HBC's retail operations had been connected to English-Canadian nationalism and myths of nation-building. Its leaders had managed the HBC legacy to occupy an exclusive position in the retail marketplace. It is possible to criticize the HBC's history, although its undoubted durability and adaptability fit into the nation-building enthusiasm of the first half of the twentieth century. The unanswerable question is whether the country had changed so profoundly that the HBC's turn to a prosaic purpose was inevitable? If we consider how the HBC portrays Indigenous peoples' roles as minor in its history, one can imagine how this overlooking would not be suited to the era of truth and reconciliation. It would lead the HBC to be more cautious about the history it would tell.

Brand equity is the value that consumers place on a company based on their perception of that business' service or merchandise. It consists of factors like "awareness, liking, preference, meaning, [and repetitive] purchase," which contribute to a person's understanding of a company.[91]

[90] "Our Company," Hudson's Bay Company, accessed February 19, 2020, http://www3.hbc.com/hbc/about-us/.
[91] Hong-Youl Ha, Swinder Janda, and Siva Muthaly, "Development of Brand Equity: Evaluation of Four Alternative Models," *The Service Industries Journal* 30, no. 6 (June 2010): 911.

Mainly, customers are more likely to buy from a company with good or strong brand equity since there is an unspoken assumption amongst consumers that goods purchased from a well-known company are superior to those bought at a lesser-known company.[92] This is commonly known as the halo effect.[93] The appearance of a well-known company logo or symbol—like Apple Inc.'s apple—or the existence of a strong mental association, such as Coca-Cola's synonymity with friends, relaxation, and reinvigoration, can influence consumer behaviour and conceptions of a business, therefore, increasing a company's profit margins.

For Hudson's Bay, brand equity can be seen in its involvement as a Premier National Partner of the Canadian Olympic Team.[94] This does not involve any overt attachment to history, if only that it sustains familiar branding. To retain its connection with Canadian patriotism, the company name and its goods have been proudly donned by Canadian athletes on the international stage for various Olympic Games starting in 1936.[95] As the athletes' official outfitter, the company stands alongside the country on the podium and the international stage. This partnership is the blend of its service and historical legacy and the acceptance amongst certain groups that the country and the company have coexisted. Whether one believes in this invented dynamic is irrelevant to company leaders as long as the public's perception of the company remains favourable.

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[92] This does not mean that there is a guaranteed association between quality and brand equity or consumer satisfaction. Moreover, since brand equity can vary so drastically amongst individuals, it is hard to quantify. See also Hong-Youl Ha, Swinder Janda, and Siva Muthaly, "Development of Brand Equity: Evaluation of Four Alternative Models," *The Service Industries Journal* 30, no. 6 (June 2010): 911-928; M.E.A. González, L.R. Comesaña, and J.A.F. Brea, "Assessing Tourist Behaviour Intentions Through Perceived Service Quality and Customer Satisfaction," *Journal of Business Research* 60, no. 2 (February 2007): 153-160.
[93] Lance Leuthesser, Chiranjeev S. Kohli and Katrin R. Harich, "Brand Equity: The Halo Effect Measure," *European Journal of Marketing* 29, no. 4 (January 1995): 57-58.
[94] "Hudson's Bay," Canadian Olympic Committee, accessed February 19, 2020, https://olympic.ca/partners/hudsons-bay/.
[95] "Hudson's Bay," Canadian Olympic Committee.

As discussed in this chapter, the heart of a business' purpose is linked to its ability to maintain its core principles. These principles can structure a company's culture, organization, and mission. By using prominent social institutions as pillars of purpose, department store management has associated their stores with 'people' and the ideologies that influence consumer buying and behaviour. It has allowed these stores to adopt a greater societal significance. The HBC and Hudson's Bay associated themselves with a narrative of English-Canadian nationalism and fashioned their business agendas as a part of Canada's heritage. More recently, with this Olympic gambit, Hudson's Bay has attempted to increase its brand equity without references to history. Ergo, the success of the company's purpose is contingent on its ability to find a narrative that appeals to the Canadian public that it wants to serve.

Department store management wanted their stores' role and purpose to cement their relevance in the consumer consciousness. These stores allowed customers the opportunity to interact with the department store in a way that differed from the traditional store. Establishing a store role was more concrete once the department store model as a retail format became stable. Purpose opened up challenges for managers. Management needed to select the right narratives for their store purposes, or claims of store synonymity with social institutions would not work. This contributed to the perpetuation of one dominant narrative that was far from inclusive. Both role and purpose served store leaders' ideological goals. Ideological goals were one managed attribute of the department store experience. Other managerial techniques were necessary to meet organizational goals for merchandise and leadership.

CHAPTER 3
Organization Breakdown: Department Store Departmentalization Techniques

All things being considered, a company's goals can best be achieved if matched with a suitable corporate structure. A business' chain of command that allocated responsibilities and interconnectivity of company divisions has to be specified to maximize efficiency in most sectors. This is no different than how a clear mission statement can affirm a company's objectives and 'inspire' its employees or better their performance.[1] Without such an organizational structure, employees might well lack accountability for their actions; some could dither, incapable of making decisions, unwilling to take initiatives. Moreover, without a clear structure and the related assignment of responsibilities, sectors of a business—for example, human resources and finances—could duplicate effort or work at cross purposes.

New forms of business organization occurred simultaneously with the advent of the department store in the mid-to-late nineteenth century, a period when large-scale enterprises evolved management practices. Department store leaders recognized that their businesses could not retain the organizational principles for staff and merchandise that small-scale stores used. In a practical sense, the sheer quantity and range of merchandise, and eventually services including credit, deliveries, and warrantees, was too extensive for a handful of clerks to supervise. Department store operation required staff with specialized knowledge in various topics. Plus, the number of functions on the shop room floor and behind the scenes that were involved in running the stores were more extensive than in prior retail formats. Thus, leaders needed to adapt their organizational practices to accommodate these new challenges. Leaders instituted departmentalization as a managerial technique in two respects. First, it allowed them to control merchandise organization and provided them with the flexibility to add more departments

[1] See Chapter 2 for more on department stores and mission statements.

efficiently whenever needed. Second, departmentalization allowed management to sustain oversight on their operations and employ an appropriate number of workers for certain store functions. As Alfred D. Chandler suggested in his study of Sears, Roebuck and Co., implementing these new organizational structures was not always effective.[2] Responsibility needed to be defined in clear terms, or the new structure would not benefit the company. Therefore, this chapter examines the trials for the HBC and Hudson's Bay management while trying to implement greater control and efficiency in its organization.

Formal organizations are "systems" that impose rules concerning company procedures with the aim of achieving a corporate goal.[3] Corporate structures have enabled managers and employees to work within a demarcated area and, at the same time, to know where and when to step outside defined duties. Though not intended for outsiders, they neatly lay out a company's operations, summarizing the function and job descriptions of its personnel, divisions, policies, and chain of command.[4] A business' corporate structure is its architecture. By looking at that architecture, the characteristics of its activities and manner of assessing them stand out. The architecture is the outsiders' way of quickly scanning the system. Employees, however, likely view the formal organizational structure with a different eye and show varying levels of support or irreverence.[5]

In department stores, the organizational structure did not necessarily block communication because informal channels crossed the departmental lines of an explicit corporate structure. While

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[2] Chandler, *Strategy and Structure,* 225-282.
[3] Selwyn W. Becker and Gerald Gordon, "An Entrepreneurial Theory of Formal Organizations Part I: Patterns of Formal Organizations," *Administrative Science Quarterly* 11, no. 3 (December 1966): 316. See also Peter M. Blau and W. Richard Scott, *Formal Organizations* (San Francisco: Chandler, 1962).
[4] William E. Reif, Robert M. Monczka and John W. Newstrom, "Perceptions of the Formal and Informal Organizations: Objective Measurement Through the Semantic Differential Technique," *Academy of Management Journal* 16, no. 3 (September 1973): 392.
[5] This varies on a subjective level amongst persons and companies. Reif, Monczka, and Newstrom, "Perceptions of the Formal and Informal Organizations," 391, 401.

the formal corporate structure was visible to management specialists, subject to employee comment, and easy for outsiders to comprehend, the informal channels were more subtle, more like renovations than pristine architecture. The formal and informal arrangements complemented one another, assisting with realizing company objectives. Informal arrangements appear among the social connections that relayed how individuals worked together, associating in both positive and negative ways. Corporate culture is an example of an informal organization.[6] At their best, informal arrangements or practices support formal organizations as a "means of communication, of cohesion, and of protecting the integrity of the individual" via voluntary teamwork and personal influence.[7] Informal arrangements formed an accompaniment and sometimes an irritant to the visible hand of management that Chandler criticized for its solidification into a hierarchy whose members were attentive to their power, permeance, and self-perpetuation.[8]

Departmentalization is the chief aspect of formal organization. It has segregated people, items, or functions into groups for managerial convenience. Groups, also called departments, have been used by department store managers in multiple ways. First, let us consider departmentalization as a system of goods management.

A primary characteristic of department stores is their broad array of product selections. The stores' fundamental idea was to sell something to everyone, no matter age, gender or price point. Harrods declared this in its motto: "All Things for All People, Everywhere."[9] However, storing and offering an extensive variety of goods on the showroom floor was aesthetically unappealing,

[6] See Chapter 2 for more on department stores and corporate culture.
[7] Chester I. Barnard, *The Functions of the Executive* (Cambridge: Harvard University Press, 1962): 123; Reif, Monczka, and Newstrom, "Perceptions of the Formal and Informal Organizations," 392.
[8] Chandler, *The Visible Hand*, 6-11.
[9] "History of Harrods department store," *BBC News*, May 8, 2010, https://www.bbc.com/news/10103783.

as well as challenging for customers. To maintain the optimal use of space and make the shopping experience easier, store leaders adapted product departmentalization.

Product departmentalization has involved classifying goods and services based on their similarities. Today, like goods are placed in the same physical space and vicinity in a retail store. Commonly, products are then compartmentalized based on criterion like sex—providing distinct men and women's clothing sections—the type of clothing, like sportswear or formal wear, and brand name or fashion label. Locating merchandise is efficient and lacks unnecessary steps. Department store management used this method to organize its large range of product lines and types.

Executives at American department store Nordstrom emphasised the need for departments to be "defined, designed, and merchandised by lifestyle" so guests could immediately understand the goods' organization.[10] There needed to be a specific, logical system that classified goods based on function or type of attire. This project, requiting managers to think like the buying 'guests,' was not always sensible. One departmentalization system involved organizing goods by their presumed type. For example, sports suits and dress suits would be categorized together in the 'Suits' department despite the obvious clash in the type of attire—sportswear versus formal wear.[11] This created difficulty for customers who often sought outfits for an event that demanded a specific type of clothing. If a person was shopping for a formal suit, the chances were that they would need formal shoes and a formal tie as well. Instead of efficiently locating their goods in one department, they would have to visit multiple departments to complete their shopping.

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[10] Spector and McCarthy, *The Nordstrom Way*, 148.
[11] "Case Studies in Business: How Far Should Retail Departmentalization Be Carried?" *Harvard Business Review* 7, no. 2 (January 1929): 229.

Arranging products by department was a nineteenth-century invention for most department stores. European stores introduced some of the earliest variations of departmentalization. East Asian stores followed closely at the onset of the twentieth century. By 1904, Japanese store Mitsukoshi had organized its products by merchandise department and boasted 98 departments by 1929, including 'Furs,' 'Electrical Appliances' and 'Baby goods.'[12] In Australia, David Jones department store had 19 departments in 1876 and had grown to 117 by 1910.[13] Canadian store Paquet housed 52 departments by 1950, and Eaton's started to departmentalize its product ranges in the early 1890s.[14]

The number and type of product departments varied from store to store. Amongst department store chains, location informed department statistics since suburban locations were not as large as downtown stores and could not support the same quantity of departments. Globally, at their inauguration, most stores contained departments specializing in clothing, health and beauty, shoes, furniture and home goods, jewellery, and foodstuffs.[15] Gradually, departments expanded, introducing more merchandise lines and expanding floor space. Departments also varied based on store clientele and country. Colonial ties influenced stores in Shanghai, Seoul, and Hong Kong. Department stores in these cities specialized in having foreign product departments aimed at ex-patriot consumers.[16] Amenities were classed by department as well. Restaurants and eateries, beauty salons, post offices, restrooms, personal shopping services, and nurseries were popular offerings.

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[12] Fukami, "Japanese Department Stores," 42; Stearns, *Consumerism in World History*, 104.
[13] Wilson, "The Gospel of Enthusiasm," 99.
[14] Alyne LeBel, "Une vitrine populaire: Les grands magasins Paquet," *Cap-aux-Diamants*, no. 40 (Hiver 1995): 48; Belisle, *Retail Nation*, 24. For more on Eaton's departmentalization, see Joy Santink, *Timothy Eaton and the Rise of His Department Store* (Toronto: University of Toronto Press, 1990).
[15] Ferry, *The History of the Department Store*, 10.
[16] Hong, "Transcultural Politics of Department Stores," 131-132.

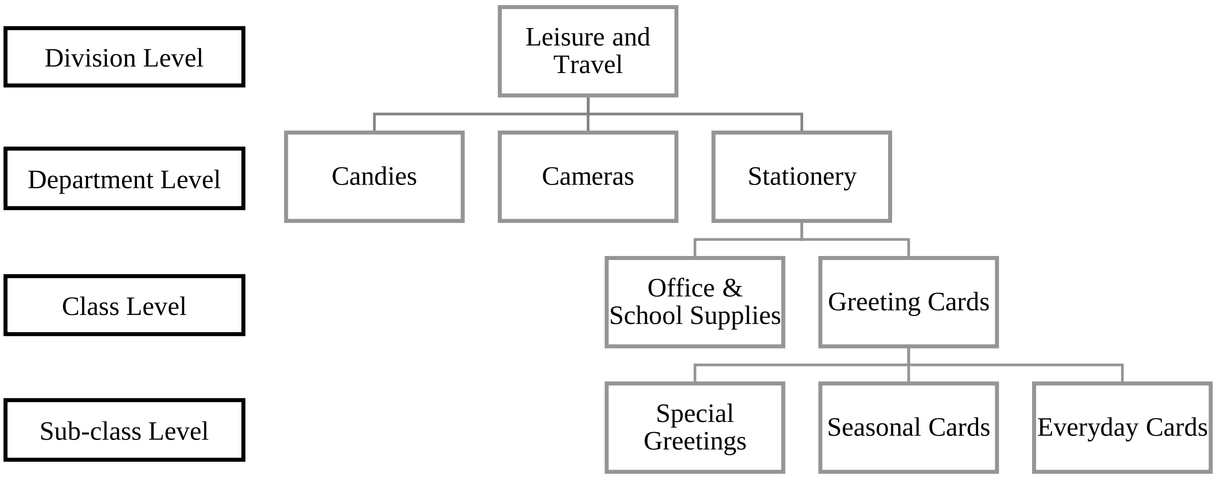
Expanding product departments had drawbacks for store management. First, merchandise departments were not highly specialized, so the number of sub-departments could balloon and confuse guests and staff. The addition of a new merchandise line, like umbrellas, would usually signal the beginning of a new sub-department, 'Umbrellas,' under the departmental label 'Accessories.'[17] Second, an extensive range of products could not be overseen by a single individual. There was a trade-off between a maximum range of products and the specialized knowledge of the personnel working in the department. A product department could encompass a multitude of sub-departments, totaling thousands of unique items. Department store leaders reacted by forming divisions for a better categorization of goods.[18] For example, store leaders could group the 'Coats' and 'Budget Dresses' departments into a single division called 'Women's Ready-to-Wear,' as these departments included ready-made merchandise catered to female clientele.[19]

Managers at Hudson's Bay used the divisional approach to categorize and then subcategorize their merchandise. 'Division' became the de facto term for the original 'product department.' It was at the top of the merchandise classification hierarchy. These divisions were categorized by 'natural divisions'—inherent distinctions that separated goods, such as women's wear and men's wear being sorted by sex.[20] This strategy allowed for an immediate merchandise classification. Simply, if men used the item, it was placed in the Men's Division. If women used it, it was placed in the Women's Division. Divisions also limited the introduction of new departments within a division since a department's classification no longer had to include inherent distinctions. Originally, 'Women's Gloves' and 'Men's Hats' were classified within a broad

[17] Harvey M. Sapolsky, "Organizational Structure and Innovation," *Journal of Business* 40, no. 4 (October 1967): 500.
[18] Sapolsky, "Organizational Structure and Innovation," 500.
[19] Ibid.
[20] Hudson's Bay Company Archives, Archives of Manitoba, John G.W. McIntyre's real estate and development files, HB2007/179, B-2.k.i Prototype Department, 1972-1975, H2-227-1-3.

'Accessories' department. Later, departments focused on the product type—'Gloves' or 'Hats'—and could be located in a specially defined department like 'Women's Accessories.'

FIGURE 1. Merchandise Classification of Hudson's Bay's Leisure & Travel Division, 1970s



Note: Adapted and condensed from Hudson's Bay merchandising plan layouts.[21]

Classing departments by product type, such as 'Dresses,' 'Stationery,' 'Cosmetics' or 'Candies,' simplified locating merchandise. Hudson's Bay management gave each department a corresponding identification number based on a divisional group code. For the Women's Wear Division, the divisional code number was 100. Departments in this division were stylized with a two-digit number in the 100-range such as 101 'Coats & Suits' or 110 'Dresses.'[22] Within the departments, the products were grouped by class—similar shared qualities like short-sleeved shirts and long-sleeved shirts—and then sub-class, such as brand, look, style, colour, or category depending on the merchandise line.[23]

[21] HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department; Hudson's Bay Company Archives, Archives of Manitoba, John G.W. McIntyre's real estate and development files, HB2007/179, B-2.k Prototype Store, General, 1974, H2-227-1-3.
[22] HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department.
[23] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 176: Basic Principles of Merchandise Presentation, ca. 1980, H2-238-6-1.

For Hudson's Bay managers, the 'natural division' approach had evolved as a response to inefficiencies in previous departmentalization strategies. In the 1960s, managers had classified divisions and their respective departments using mass categories based on item type. This meant that there was no merchandise separation based on target market at the divisional level. For instance, with this system, divisional code 100 included departments 124 'Women's, Misses' Shoes,' 140 'Infant's Wear,' and 150 'Men's Clothing,' despite offering merchandise for different ages and sexes.[24] Some divisions contained twice as many departments as other divisions with this approach. For example, services were clumped together by their shared characteristic as 'amenities.' There was no further classification. Ergo, 'Restaurant' and 'Fur Storage' were in the same division, despite providing different services.[25] In addition, departments with overlapping or similar functions could be in separate divisions. Without a clear rationale, 'Watch Repairs' and 'Optical' were classified into two divisions.[26] This system proved confusing and impractical. Throughout the mid-1970s, Hudson's Bay leaders eliminated these ambiguity issues in favour of the 'natural division' system, as seen in Table 2. By 1975 to 1976, Hudson's Bay had 15 divisions

[24] Hudson's Bay Company Archives, Archives of Manitoba, John G.W. McIntyre's real estate and development files, HB2007/179, Store Planning; Space Use & Analysis; Allocation of Space, 1972-1973, H2-227-1-3. At this time, divisions had some internal distinction by clumping departments. Departments seemed to be grouped by sex, but not type of item, within a division i.e., Men's Clothing as Department 150 and Men's Casual Wear as Department 152 or Infant's Wear as Department 140 and Children's Wear as Department 141. Thus, Men's clothing items were sorted in the 150s range of departments, and Children's clothing items were sorted in the 140s range.
[25] Ibid. 'Restaurant' and 'Fur Storage' could have been grouped together because both dealt with dead animals, albeit in different ways.
[26] Ibid. It is unclear whether a display differentiation or practical differentiation may have caused these amenities to be classified into two divisions. For instance, 'Optical' may have included prescription glasses and non-prescription glasses. Customers would have had prescription glasses fitted with the aid of an eye examination service. An 'Optical' department would require a reception area, exam room, laboratory and purchasable glasses section. Non-prescription glasses could have been sold without the additional amenity requirements.

with 166 departments.[27] Each division had an average of 11 departments, ranging from a minimum of 2 departments to a maximum of 33.[28]

TABLE 2. Hudson's Bay Division Comparison, 1965 to 1966 and 1975

1965-1966	1975		
Division 100	**Natural Division 100** Women's Wear	**Natural Division 300** Men's Wear & Accessories	**Natural Division 400** Children's & Teens
102 Coats & Suits 106 Dresses 114 Knitwear 122 Furs 124 Women's, Misses' Shoes 126 Underwear 128 Sleepwear 140 Infant's Wear 141 Children's Wear 150 Men's Clothing 152 Men's Casual Wear 156 Men's Furnishings 166 Men's Sport Shirts & Beachwear 170 Boy's Wear 180 Men & Boys' Shoes 192 Luggage 194 Toys	101 Coats & Suits 107 Contemporary 110 Dresses 113 Better Dresses 115 Custom Size Shop 121 Maternity 147 Sweaters & Knits 152 Furs 170 Sleepwear & Uniforms 178 Underfashions 191 Upstairs Budget Fashions	301 Dress Clothing 310 Outerwear 314 Pants 330 Dress Shirts & Neckwear 336 Gifts & Accessories 344 Sweaters 355 Leisure Wear 360 Personal Furnishings 368 Men's Shoes 385 Big Men's Shop	401 Baby Shop 408 Nursery Furniture & Wheel Goods 413 Pre-School Girls' Wear 420 Primary Grade Girls' Wear 430 Pre-School Boys' Wear 437 Boys' Wear 446 Children's Shoes 454 Carrousel (Junior High Girls) 474 Young Teen Boys (Junior High)
Note: The number of departments within these divisions has been abbreviated.[29]			

Throughout the twentieth century, department stores fluctuated in department sizes and amounts. Changing consumer tastes contributed to the adding and closing of various departments like the introduction of home electronics or the removal of grocery sections. Today, department

[27] In the mid-1970s, Hudson's Bay Company Natural Divisions were: Natural Division 20 – Foods, Natural Division 30 – Restaurants, Natural Division 34 – Miscellaneous, Natural Division 35 – Leased Departments, Natural Division 40 – Subsidiary Cost Workrooms, Natural Division 100 – Women's Wear, Natural Division 200 – Accessories & Fashion Fabrics (Women), Natural Division 300 – Men's Wear & Accessories, Natural Division 400 – Children's & Teens, Natural Division 500 – Home Decorating, Natural Division 600 – Home Operating, Natural Division 700 – Leisure & Travel, Natural Division 800 – Baymart, and Natural Division 900 – Warehouse Store. HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department; Hudson's Bay Company Archives, Archives of Manitoba, John G.W. McIntyre's real estate and development files, HB2007/179, Store Size and Area Analysis, 1982, H2-227-1-3.

[28] Ibid; HBCA, John G.W. McIntyre's real estate and development files, Store Size and Area Analysis. Natural Division 900 had two departments, while Natural Division 35 had thirty-three departments.

[29] HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department; HBCA, John G.W. McIntyre's real estate and development files, Store Planning; Space Use & Analysis; Allocation of Space. From 1965 to 1966, Division 100 had 40 departments. In 1975, Natural Division 100 had 16 departments, plus 463 Kinetica (Senior High Girls). It is likely that the age range for senior girls overlapped with the female young adult classification, thus, Kinetica was included in Natural Division 100 despite being classed as a department in the 400-range. Natural Division 300 had 14 departments and Natural Division 400 had 9 departments.

stores do not resemble each other in terms of stock as closely as they once did. Some stores like Central, an Indian department store, now focus entirely on clothing and beauty.[30] Saks Fifth Avenue retains its 'Home' department, albeit online-only.[31] French store Bazar de l'Hôtel de Ville and Irish company Arnotts also have extensive online department ranges.[32] Whereas Swedish department store Åhléns and Japanese store Tokyu Department Store retain a multitude of departments in-store, ranging from stationery to gardening, in addition to health, beauty, and fashion.[33] Some stores that have drastically decreased their merchandise variety and amenities have nevertheless branched out, prioritizing fashion and beauty departments. These departments have received the most showroom floor space and optimum heavy traffic areas in recent years. There are four explanations for decreased merchandise selection. First, there is the need to prioritize the most profitable departments; second, an attempt to change consumer buying trends. If the public is less inclined towards one-stop brick-and-mortar shopping, then the stores need to 'repurpose.' Third, stores have had to convert various departments to online-only availability. Fourth, management has had to limit expansive department variation to flagship stores if the department store is a chain.

The preceding survey of product departmentalization examined its use at the micro-level. On a company's macro-level, departmentalization has served to organize its structure in numerous ways, often through a hierarchical system where the chain of command is rigidly expressed. Thus, we can now turn our attention to departmentalization as a system of company and employee

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30 "Brands," Central, accessed March 2, 2020, https://centralandme.com/brands/.
31 "Home," Saks Fifth Avenue, accessed March 2, 2020, https://www.saksfifthavenue.com/Entry.jsp. As of February 2020, the flagship store for Saks Fifth Avenue does not contain a 'Home' department.
32 "Home," Le BHV/Marais, accessed March 2, 2020, https://www.bhv.fr/; "Home," Arnotts, accessed March 2, 2020, https://www.arnotts.ie/.
33 "In English," Åhléns, accessed March 2, 2020, https://www.ahlens.se/cms/in-english; "東急百貨店公式ホームページ (Tokyu Department Store Official Website)," Tokyu, accessed March 2, 2020, https://www.tokyu-dept.co.jp/.

function. Department store management departmentalized store organization via function. Today, individuals who perform the same role or function in a business have been and remain classified under a corresponding department or division.[34] In a human resources department, employees are responsible for overseeing employee management and treatment, ensuring a company upholds labour regulations, and hiring individuals for the entire company, among other tasks. Someone in a human resources department would not deal with buying as it is not related to their function. This approach segregates departments and allows each overarching division to act as an entity with a distinct system of leadership and responsibilities within the business at large.

The use of functional organization in the department store started because of necessity. In the mid-nineteenth century, small-scale shops were transforming into department stores and overwhelming their merchants with excessive stock. It became challenging for store management to be knowledgeable about every item in stock. Thus, product departmentalization was introduced to control merchandise.[35] As store staffs increased, the division of labour, or specialization of the goods and services, was designated by product department.[36] One buyer would deal exclusively with women's wear while another dealt with children's wear and so on. Therefore, there would be a delegated individual who would have extensive knowledge of that product line and the wholesale market to which it belonged.[37] It was similar on the shop room floor where certain staff members focused their knowledge on specific departments.

In the 1920s and 1930s, this method's problem became apparent, as we intimated in the previous section. First, stores with hundreds of departments ran the risk of becoming

[34] In regards to functional organization, the terms 'division' and 'department' were often used interchangeably depending on the store.
[35] "How Far Should Retail Departmentization Be Carried?" *Harvard Business Review* 7, no. 2 (January 1929): 232.
[36] Wheelock H. Bingham and David L. Yunich, "Retail Reorganization," *Harvard Business Review* 43, no. 4 (July-August 1965): 130.
[37] Bingham and Yunich, "Retail Reorganization," 130.

overmanned.[38] Too many people were performing the exact same role. For buyers, many were dealing with the same manufacturer or wholesaler. In short, this inflated the managerial cadre. Second, as stores evolved and expanded, product managers became solely responsible for "producing and marketing a particular product or group of products" in their department.[39] Their responsibilities began to overlap with a multitude of assignments, including advertising, buying, or selling. Managers needed a simplified solution. By World War II (WWII), many department store leaders decided to reorganized their companies by function and created organizational pyramids. In these pyramids, each pyramid level's employees reported to and supported the above levels. These pyramids reduced the problem of overmanning and encouraged a diversification of responsibilities amongst employees.

The functional divisions used in a department store were not universal. Depending on the store's needs and size, a different divisional name or primary function required specialization and a separate division.[40] Four of the most common divisions management used have included: 1) merchandising division; 2) sales, publicity or advertising division; 3) store management, operations or service division; and 4) accounting, controlling or financial division.[41] The divisions typically included subdivisions also classified by function.

[38] Maxwell Kaufman, "Present-Day Department-Store Organization," *Harvard Business Review* 11, no. 2 (January 1933): 245.

[39] Bingham and Yunich, "Retail Reorganization," 130. Bingham and Yunich referred to these designated individuals as "group product managers."

[40] Montreal-based store, Dupuis Frères was divided into only two divisions: Merchandising Division and Finances and Services Division. Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/A2. Structure administrative, 1946-[1976].

[41] There is a lack of terminological cohesion between stores. The name of the division changes depending on the store, as does the word-choice used by department store organization historians. Subdivisions were also referred to as 'departments'—if 'division' was used as the uppermost level of functional organization—or by an alternative name depending on the store. See also J. Russell Doubman and John R. Whitaker, *The Organization and Operation of Department Stores* (New York: John Wiley & Sons, Inc., 1927); Paul M. Mazur, "The Logic of Department Store Organization," *Harvard Business Review* 3, no. 3 (April 1925): 287-296; Harvey M. Sapolsky, "Organizational Structure and Innovation," *Journal of Business* 40, no. 4 (October 1967): 497-510; and Maxwell Kaufman, "Present-Day Department-Store Organization," *Harvard Business Review* 11, no. 2 (January 1933): 244-252.

<table>
<tr><td colspan="4">TABLE 3. Department Store Functional Divisions and Subdivisions, 1920s and 1930s</td></tr>
<tr><th>Merchandising Division</th><th>Sales, Publicity or Advertising Division</th><th>Store Management, Operations or Service Division</th><th>Accounting Controlling or Financial Division</th></tr>
<tr><td>Buying or Purchasing
Foreign Buying
Ordering
Selling
Goods Inspection
Planning and Controlling stocks</td><td>Advertising
Radio, newspapers, billboards, etc.
Display
Windows, In-store, interior design, etc.
Sign Office
Public Relations</td><td>Personnel Management
Hiring
Training and education
Union relations
Physical movement of merchandise
Delivery
Service
Store Maintenance
Repair, housekeeping, watchmen, etc.</td><td>Accounting
Payroll
Accounts Payable and Receivable
Expense control
Statistics
Auditing
Billing
Cashier
Overarching Merchandise Control or Inventory</td></tr>
<tr><td colspan="4">Note: Table 3 compiles the most universal divisions and subdivisions.[42]</td></tr>
</table>

The merchandising division was in charge of buying and selling goods and services. Those working in this section were responsible for ordering goods of high quality, value and style, and retaining knowledge of market offerings and customer tastes.[43] Subdivisions in the merchandising department could be either devised around merchandise lines—similar to a structure based on product departmentalization—or function.[44]

Sales, publicity or advertising divisions focused on store displays, public relations, merchandise trends and price points applicable to the store's customers, and the standing of merchandise compared to competitors' offerings.[45] At its core, this division aimed to attract people to the store and entice them to purchase. The set of special tasks could be quite extensive. In New

[42] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 32-35; Paul M. Mazur, "The Logic of Department Store Organization," *Harvard Business Review* 3, no. 3 (April 1925): 288; Sapolsky, "Organizational Structure and Innovation," 499-500; and Kaufman, "Present-Day Department-Store Organization," 246; Chandler, *Strategy and Structure*, 271.
[43] Mazur, "The Logic of Department Store Organization," 289-290.
[44] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 32, 34. In some instances, merchandise divisions would be subdivided by buying and selling functions. Department store leaders believed that buying and selling required two different skill sets that were not interchangeable within the individual. Separate buying and selling allowed for a sharper merchandise assortment based on the communities that needed to be serviced and the chance to share responsibilities and tasks. For more on the division of buying and selling, see also "Separation of the Buying and Selling Functions in a Department Store," *Harvard Business Review* 2, no. 3 (April 1924): 362-367 and Wheelock H. Bingham and David L. Yunich, "Retail Reorganization," *Harvard Business Review* 43, no. 4 (July-August 1965): 129-146.
[45] Sapolsky, "Organizational Structure and Innovation," 500; Mazur, "The Logic of Department Store Organization," 290-291.

York-based Macy's, copy-writers, window display artists and interior decorators operated as members of this division.[46]

A store management, operations or service division was responsible for the physical maintenance of store areas. This was a field of activities that ranged from cleaning to more mechanical work such as repairing elevators. It embraced employee training and overseeing, thus union relations, as well as maintaining and providing exceptional service.[47] Personnel classified employees by their field of work, regardless of their position in the hierarchy.

The accounting, controlling or financial division dealt with records and reports for the company, including auditing, accounts payable and receivable, and net results. All financial transactions and expenditures were handled here. Significantly, controllers set the limits of investment in certain merchandise stock and maintained the company's historical financial records for consultation.[48]

Despite their separation, the divisions had to coordinate their activities to have the best chance at effective operation. Thus, during their years of peak popularity in the early twentieth century, professionals in the new occupation of management studies started the process of critically assessing department stores' organizational structure. While the divisions were equal in the organizational hierarchy, merchandising divisions were regarded as the most prominent since buying and selling were the department store's essence.[49] In a Harvard study, Maxwell Kaufman argued that organizational division provided equal standing to divisions that were better suited as mere subdivisions. The advertising division, Kaufman claimed, should not exist as an independent division. Instead, Kaufman said it should be subordinate to the merchandise division—the division

[46] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 33, 35.
[47] Ibid., 33; Mazur, "The Logic of Department Store Organization," 291-292.
[48] Mazur, "The Logic of Department Store Organization," 292.
[49] Ibid., 289.

that it assists in the sale of goods.[50] However, whether a subdivision or a division, the number of personnel required would remain the same and no functional category would be dissolved. As far as improving productivity without staff reductions, gains may have come from greater collaboration among related functions.

Despite reviews by Kaufman and others, department store leaders retained departmentalization by function throughout the twentieth century. Management at HBC has used functional organization since the 1910s. The process began as part of the larger project of corporate reorganization. In 1910, its Board of Directors had separated the company into three corporate branches: fur, land, and retail.[51] Eventually, branches were added, expanded, eliminated or shrunk, allowing retail operations to move to the forefront. HBC's initial approach to functional divisions is unusual. During their inception, most department stores were not part of conglomerates or business groups.[52] They existed as independent entities controlled by private owners or shareholders with the purpose of selling goods. Therefore, coordinating personnel and business activities by function was not challenging. Everyone was directed toward running or operating a department store. There were often no other sectors of business. Because the HBC was not an exclusive retail enterprise, its functional organization spread across multiple sectors of the

[50] Kaufman, "Present-Day Department-Store Organization," 246-247, 249.
[51] Belisle, *Retail Nation*, 31; "1910," Timeline, Hudson's Bay Company History Foundation, accessed October 8, 2020, http://www.hbcheritage.ca/classroom/timeline; "Richard Burbidge," Hudson's Bay Company History Foundation, accessed October 8, 2020, http://www.hbcheritage.ca/people/builders/richard-burbidge. Richard Burbidge—the General Manager of London-based department store Harrods— recommended the HBC's division into three branches after observing the company's operations in 1909. These branches gradually expanded as the company added more avenues of business to their portfolio or introduced greater specialization in the existing categories. 'Retail' would include department stores, saleshops, wholesale, Northern stores, etc.
[52] It is not uncommon for department stores to exist as part of conglomerates of business groups today. In Korea, Hyundai Department Store belongs to the business group Hyundai Department Store Group with services in media, fashion, and construction, among others. French department store Galeries Lafayette is a part of Groupe Galleries Lafayette and is aimed at advocating the "French 'Art of Living'" through a medley of fashion brands. "Group Overview," Hyundai Department Store Group, accessed March 9, 2020, http://www.ehyundai.com/newPortal/ir/IRO/IRO000001.do?ir=0; "Our Group – Profile," Groupe Galeries Lafayette, accessed March 9, 2020, https://www.groupegalerieslafayette.com/group/#profile.

company, a circumstance that continued into the twentieth century. Thus, tracking the functional divisions of Hudson's Bay requires an examination of the divisional breakdown of an entire company that had numerous operations outside its department stores and spanned an immense country with regional identities.

In 1970, the HBC's head office was relocated from London, England, to Winnipeg, Manitoba. Management likely reconsidered a reorganization of company function in the early 1970s because of that relocation. An HBC organizational structure proposed in 1973 showed a suggested divisional approach at the corporate level.[53] All activities were conceptualized under the management of six individuals who made up the highest node of their respective branches of the company. These individuals were: General Manager of Retail Development, Vice-President Finance, Senior-Vice President, Vice-President Merchandising, Executive Assistance to the President, and Director of Personnel.[54] Of these six, four would be responsible for managing department store related functions such as controlling or merchandising. The General Manager of Retail Development would be responsible for planning, selecting, and establishing new retail stores, as well as developing other company real estate. Since these tasks are not involved in the day-to-day activities of department store operation, the position was excluded from my list of senior corporate personnel associated with the stores' management organization.

The Vice-President Finance would man the financial branch. This individual managed finances and developed capital resources for the HBC corporate-wide. Within this branch of the company, the retail sector's financial data would be organized and overseen by the Controller

[53] Hudson's Bay Company Archives, Archives of Manitoba, Controller, Department Stores office files, HB2007/215, 15.4.1. Organization, General, 1972-1974, H2-247-6-3. Archival records do not discuss the company's operational structure prior to this proposal.
[54] Ibid.

Retail Stores.[55] This position would include the accounting, billing, and assorted tasks pertaining to department store finances.

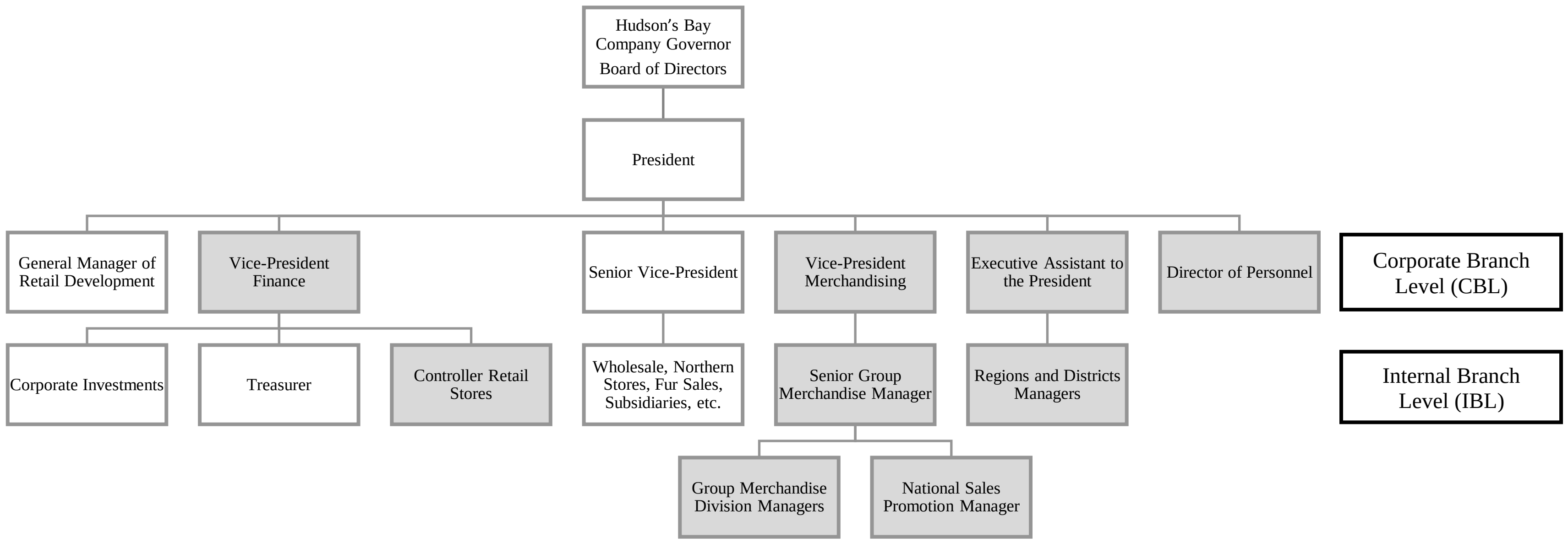
The Senior Vice-President would control the branch of the company relating to the management of every business endeavour, except for those connected to retail stores.[56] Northern Stores Department, Wholesales Department, HBC and Annings, Fur Sales in New York and Montreal, HBC Catalogue Showrooms, and HBC Inc., in New York City, would make up the additional. Company subsidiaries like Shop-Rite would also fall under this branch.[57]

The Director of Personnel would oversee the personnel branch of the company. The branch would be responsible for the hiring and firing of people as well as human resources concerns. This branch would be likely responsible for the management of all persons involved in the company and the organization of standard training and conduct procedures. The General Manager of Retail would head the land development branch. This often would involve planning and establishing new retail store locations, in addition to developing company land.

The Vice-President Merchandising would handle the merchandising branch. The responsibilities included directing and coordinating domestic and foreign buying, selling, inventory management, merchandise planning, merchandise presentation, maintaining supplier relationships, sales promotion, and conducting market research.[58] Aspects of sales and publicity would be intermixed into this department.

[55] HBCA, Controller, Department Stores office files, 15.4.1. Organization, General.
[56] Ibid.
[57] Ibid. HBC and Annings is presumed to be an earlier incarnation of Hudson's Bay and Annings, Ltd.—a private limited liability company.
[58] Ibid.

FIGURE 2. Hudson's Bay Company Proposed Corporate Organization, 1973



Note: Squares shaded in gray show the dispersion of department store responsibilities throughout the HBC's organization. These divisions were responsible for aspects of the day-to-day overseeing and operation of Hudson's Bay stores. The President, Senior Vice President, Vice President Merchandising, Vice President Finance, Treasurer, Executive Assistant to the President, Controller Retail Stores, General Manager Retail Development, Director of Personnel, and the Secretary were members of the Management Committee, which convened to oversee all HBC business related matters.[59]

[59] Hudson's Bay Company Archives, Archives of Manitoba, Controller, Department Stores office files, HB2007/215, 15.4.1. Organization, General, 1972-1974, H2-247-6-3.

For management, the complications attending the organization of an enterprise that retained activities that pre-dated the venture into department stores were substantial, but not the only challenges for the national company. Canada's diversity and long distances required HBC management to include in its corporate structure a link from the centre to the regions. The Executive Assistant to the President maintained line responsibility over the company's Districts or Regions. In 1973, the designated areas under the Executive Assistant's control were: Montreal Metropolitan District, Ottawa Metropolitan District, Toronto Metropolitan District, Central Region, Calgary Metropolitan District, Edmonton Metropolitan District, and Western Region.[60] The responsibilities included planning, organizing, and directing the profitability of the areas and appraising stores and their communities to make recommendations for growth.[61]

The flaw in this proposed approach was that a distinct department store branch of the company, in which all the functions pertaining to department stores were consolidated under one node and one person's management, did not exist. Having a branch of the company dedicated to the department store and consolidating its functions to that branch could well have achieved greater efficiency. Particularly, it would have redistributed corporate responsibilities so that those in charge were more specialized and attentive to the needs of retailing. What caused the HBC to forgo the 1973 proposed organization is unknown. However, the following year, perhaps in recognition of the missing branch for the stores, management established a 'Department Store' branch.[62]

[60] HBCA, Controller, Department Stores office files, 15.4.1. Organization, General; Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company market research records, HB2007/208, File 57: HBC Marketing Research: Bay Department Store Profiles, 1984, H2-239-5-2. By 1984, Edmonton Metropolitan District and Calgary Metropolitan District had been amalgamated to create Albert Region.
[61] HBCA, Controller, Department Stores office files, 15.4.1. Organization, General.
[62] 'Department Stores' was renamed 'The Bay' by 1981 and included the activities of The Bay Department Stores, National Stores Department, HBC Wholesale, and Shop-Rite Catalogue Stores. Subsidiaries, like Simpson's and Zellers, existed as independent branches alongside HBC Furs. Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, HBC Organization and Organization Charts, 1979-1984, H2-271-5-3.

The ‘Department Store’ branch was spearheaded by the Vice-President Department Stores, a position that amalgamated the roles of the Vice-President Merchandising and the Executive Assistant to the President.[63] Under this leadership, the standard department store functional divisions found in many countries came into effect at an internal branch level. The ‘Department Store’ branch had five functional divisions: operations, controller, merchandising, merchandise planning, and regions or districts.

The operations division blended traditional operation functions and some sales and publicity functions into one division. Indicative of the difficulty of forming tidy divisions, sales and publicity functions remained scattered throughout the new divisions. Some sales and publicity activities were categorized and subordinate to the operations division, and others belonged to the merchandising division. Personnel activities were not subordinate to the operations division as they were in other department stores. Instead, store management and employee functions appear to have remained in a separate corporate branch, still overseen by the Director of Personnel for the entire company.

The Controller Retail Stores position was removed from the control of the Vice-President Finance for the entire HBC. Instead, the person holding the appointment became the head of a controller division dedicated to the department stores.[64] This allowed department store finances to be independently monitored outside of the HBC’s other ventures. The merchandising division centralized buying and selling activities in one division, but the division was also responsible for brand marketing and sales promotion functions. Regardless, the division of labour in the merchandising division was more evenly balanced than the proposed plan of 1973. Merchandise planning created a distinct division for the HBC. Planning divisions tend to focus on tracking

[63] HBCA, Controller, Department Stores office files, 15.4.1. Organization, General.
[64] Ibid.

goods assortments, planning merchandise lines, and inventory management to get the most profit out of merchandise. Lastly, Regions and Districts were moved under the 'Department Store' branch and created another functional division.[65]

The heads of divisions were responsible for divisional activities in all stores of the national chain. For example, the Visual Presentation Manager in the operations division of 'Department Stores' could propose uniform window displays for all stores, regardless of store size or location.[66] This corporate centralization contrasted with the functional independence of a single location department store. Consider the window displays. In single location stores, the persons responsible for visual presentation would design displays however they saw fit. There was no need to coordinate with other stores to maintain a cohesive image. There is an added level of functional coordination for Hudson's Bay because it had multiple store locations. Other department stores with multiple locations had this concern as well.

HBC management applied functional organization at the corporate level as seen with the various branches of its business endeavours. Then the firm used it again on an internal branch level—segregating 'Department Stores' into functional divisions. Finally, the HBC relied on functional organization within stores to divide certain, but not all, responsibilities. Store level functional organization lacked uniformity across regional or district locations. Most regions and districts used a breakdown that featured at least one of the standard four divisions: operations, merchandise, controller, or sales.[67] Still, inconsistencies have the potential to increase the risk of hiccups in store communication or variations in store records.

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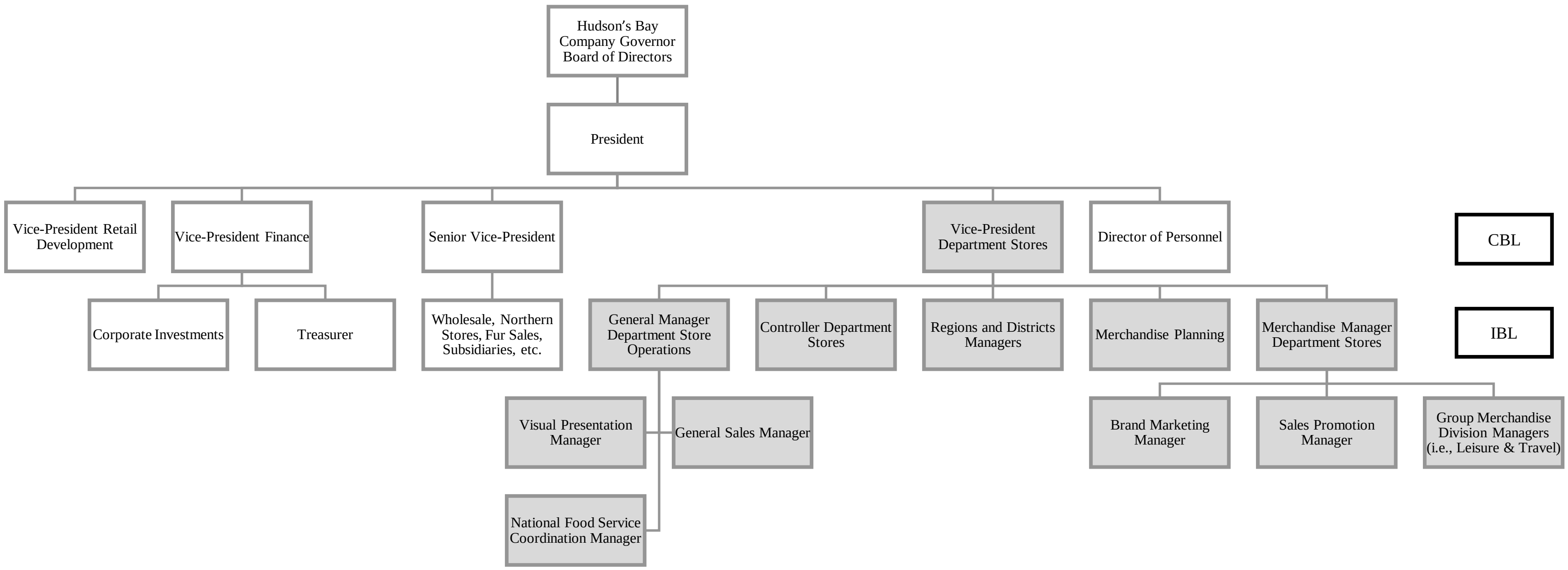
[65] HBCA, Controller, Department Stores office files, 15.4.1. Organization, General.
[66] Ibid.
[67] Extensive variation affected the chart organization for each division within the regions. This could be attributed to the size of the region and a lack of store uniformity, common in various sectors of Hudson's Bay Company's department store organization. Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 136: Preparatory Merchandising Course, Merchandise Presentation, 1982, H2-238-5-1.

FIGURE 3. Hudson's Bay Company Organization, 1974



Note: Squares shaded in gray show the reorganization of department store responsibilities into one corporate branch.[68]

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[68] HBCA, Controller, Department Stores office files, 15.4.1. Organization, General.

The evolution of the functional division system in the HBC shows how the quest for better organizational solutions in its department stores was ongoing, as was the case with other department stores. The HBC was complicated further by its over-arching corporate structure. As a management technique, departmentalizing products and divisions allowed department store management to streamline their organizational systems since the 1920s and 1930s. When faced with quantities of goods never before encountered, they managed to create a solution for handling goods by decentralizing through product departmentalization. Furthermore, divvying up responsibilities through function allowed an appropriate distribution of labour. However, the success and profitability of product departments or functional divisions remained variable across department stores. Department store leaders would need more than departmentalizing strategies to extract the most dollars from their customers. Management wanted to position their merchandise as prime quality, yet affordable and this required an organizational process of a different kind: profitability tactics.

CHAPTER 4
From Profitable Innovation to Institutional Inertia: Deconstructing Department Store Profitability

The world's largest company in terms of revenue is retail giant Walmart Inc.[1] Throughout the United States, Walmart Inc. operates 3,570 superstores with an additional 5,669 stores internationally.[2] In 2019, the company realized a net income of $6.670 billion.[3] As a 'big-box store,' Walmart Inc. embodies some characteristics of department stores in the past—such as giantism and the ability to serve as the epicentre of suburban growth.[4] It is unsurprising that its financial advancement was also made possible by building on, yet radically streamlining, the department store's original retail approach.[5]

Department store management's approach relied on a system of grand-scale buying, using the low-cost long-distance supply chains originating in East Asia, and in-store fixed pricing. Using these tactics, department store leaders expected high-level profits that would allow them to expand their businesses and, at times, obtain sizable personal wealth. However, department store profitability could be unstable because it was subject to societal trends and economic fluctuations. Management needed to be vigilant to adapt to these changes in consumer taste. The downside to this method became apparent during the twentieth century. Economic hardship and increased retail competition allowed other retailers to mimic department store tactics. This eroded the 'uniqueness'

[1] "Global 500," Fortune, accessed March 17, 2020, https://fortune.com/global500/.
[2] Walmart Inc., 2019 *Annual Report*, April 2019, https://s2.q4cdn.com/056532643/files/doc_financials/2019/annual/Walmart-2019-AR-Final.pdf. These statistics do not include Walmart Discount Stores, Neighborhood Markets, and other small formats. It also does not include Sam's Club or Wholesale figures.
[3] Walmart Inc., 2019 *Annual Report*.
[4] Nelson Lichtenstein, "Walmart: A Template for Twenty-First-Century Capitalism," in *Wal-Mart: The Face of Twenty-First Century Capitalism*, ed. Nelson Lichtenstein (New York: The New Press, 2006), 10.
[5] Walmart revolutionized large-scale retailing as a spartan experience compared to the department store. This is most noticeable in Walmart's use of low prices, its 'no frills' design aesthetic, and its physical stores being largely located in suburban areas.

of department store leaders' approach to profit and disrupted the prominence of grand department stores in the retail sector.

At the time of writing this study, Hudson's Bay is one of Canada's remaining department stores, but its endurance does not mean its stores are currently profitable or have always been so.[6] Plenty of department stores earned significant profits during their heyday, but this did not exempt them from store closure or drastic downsizing. In this chapter, the extent of Hudson's Bay's profitability will be examined using a focused study from 1972 to 1978. In the 1970s, department stores saw a greater rise in competition from alternative retail competitors like discount department stores and big-box stores. By comparing Hudson's Bay's profitability performance to other Canadian or American department stores, the stores' financial 'success' when subjected to similar economic or social circumstances can be seen. It can further demonstrate that a particular department store chain's endurance is not attributable solely to the balance sheet.

The assessment considers two factors: sales revenue and net profit.[7] Sales revenue refers to the number of goods or services sold by a business—known as 'the top line.' Net profit is the total amount of money a company earns after deducting taxes, the cost of goods sold, and additional earning reductions like depreciation of assets or interest expenses—called 'the bottom line.'[8] Calculating the percentage difference between net profit and sales revenue can signal whether department stores were making suitable profits or if they were too costly to operate for

[6] 'Hudson's Bay' or 'La Baie d'Hudson' are the current English and French company names for the HBC's self-branded banner, and these names have been in use since March 2013. During the 1970s, Hudson's Bay department stores were officially called 'The Bay' or 'La Baie.' See the Introduction for an explanation on HBC terminology.
[7] The terms used to categorize financial data vary from company to company.
[8] Hudson's Bay Company, *2017 Annual Report*, May 2017, https://www.sedar.com/GetFile.do?lang=EN&docClass=2&issuerNo=00033738&issuerType=03&projectNo=02626587&docId=4116193. The intention is not to suppose the 'value' of the company or any specific department store. To calculate 'value' other factors—such as goodwill—would need to be incorporated into a greater examination of a business' tangible and intangible assets. The purpose of this examination is money-orientated and focuses on the physical and calculable amount of money a business profits or loses based on its sale of goods or services.

the amount of profit they generated. To ascertain the department store industry's relative profitability, its profit margins will be measured against the percentage rates of the United States' Long-Term Government Bond Yields, due to the long-term stability of these bonds.[9]

In the latter half of the nineteenth century, some department stores amassed sales figures, seemingly as large as the stores themselves. Aristide Boucicaut, owner of Le Bon Marché in Paris, had relied on retailing innovations, like vast goods volume and central city location, to expand his business.[10] The store sold 500,000 francs (F) worth of goods in 1852, which increased to 5 million F in 1860, and 20 million F by 1870.[11] Creative innovation aside, Boucicaut and other department store owners were able to generate extensive sales because of their approach to markups and profit margins.

Department store management priced their goods slightly above wholesaler prices.[12] This allowed them to maintain low markups on their merchandise, the difference between the sale price and the item's wholesale cost.[13] It is calculated by subtracting the cost from the retail price. Because department store markups were low, they incurred low profit margins.[14] Department store management offset low profit margins with a high rate of inventory turnover.[15] Even though small-scale stores had higher markups, department stores sold more goods and bought in larger quantities from suppliers. Therefore, department store merchandise tended to be 15 to 20% cheaper than

[9] Organization for Economic Co-operation and Development, Long-Term Government Bond Yields: 10-year: Main (Including Benchmark) for Canada [IRLTLT01CAM156N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/IRLTLT01CAM156N, October 19, 2020.
[10] Marrey, *Les grands magasins des origines à 1939,* 69.
[11] Pasdermadjian, *The Department Store*, 4. The currency was measured in French francs.
[12] Clausen, "The Department Store," 20-21.
[13] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 118: Preparatory Merchandising Course, Part 1, Lesson 1-8: Framework for Merchandising, 1964, H2-238-4-5.
[14] Clausen, "The Department Store," 20. Profit margins are used as a method of determining a company's profitability.
[15] Marrey, "Les grands magasins des origines à 1939," 69.

other retailers.[16] Therefore, even if small stores initially realized more profit on each unit sold, the number of units sold was never high enough to generate massive profit statistics. Since smaller-scale stores could not afford markdowns, they could not compete with department store pricing, and this led to department store dominance in the retail marketplace.

In a study of department store origins and economic rationales, H. Pasdermadjian argued that the department stores' ability to attain a vertical increase in sales did not exist in retail prior to the 1880s.[17] The growth of a retail institution was slow due to market size, the nature of public buying habits, merchandise offered, and local supply chains. When compared to the speedy growth observed in the productivity of factories, retailers were economic stragglers.[18] Department store management changed that. In the classic meaning of entrepreneurship that Joseph Schumpeter made famous, department store entrepreneurs effected creative destruction.[19] As with other cases of creative destruction, the initial burst or change could be readily duplicated. Ideas moved across oceans and borders. The early department store entrepreneurs also introduced another, lesser, distinctive innovation.

In addition to introducing the potent expansionary mix of low markups and high volumes, department store management used fixed pricing for their merchandise. Also called *prix uniques*, fixed pricing was the principle of non-negotiable pricing.[20] Department store items would have set prices, and the customer either had to accept that price or refrain from buying the item. Worldwide, fixed pricing became a standard characteristic of department store operations, particularly after 1900.[21] The idea was that the store would mostly be selling staple products that had a tendency to

[16] Pasdermadjian, *The Department Store*, 10.
[17] Ibid., 17.
[18] Ibid.
[19] Joseph Schumpeter, *Capitalism, Socialism, and Democracy* (New York: Harper & Brothers Publishing, 1950), 83.
[20] Crossick and Jaumain, "The World of the Department Store," 15.
[21] Alexander and Akehurst, "Introduction," 6.

sell consistently no matter the circumstances.[22] For a grocery store, for example, staple items can include milk, eggs, and bread. Retail store staples have varied depending on the merchandise sold. Finding the sweet point where consumers would accept a price became a major concern of department store managers, especially when facing increased competition. In any case, for the moment, it is worth noting that, generally speaking, department stores sold staple items in high quantities with low unit markups and fixed prices. Only in light of what is known about traditional market places with prices responding to haggling and small retailers with limited stock can the department store's disruptive business model be adequately appreciated. Now, nearing the end of the department store's existence, the originality of its management techniques may too readily be taken for granted. Thus, the glory days hold special interest for appreciating a city-based phenomenon and the firm launching of a consumer culture.

Globally, the department store experienced expansion during the early 1900s. Many store managers wanted to deal directly with manufacturers for their goods. Store management with the financial capabilities to do so opened buying offices around the world to avoid middlemen.[23] The wholesalers were affected by this practice since they became less relevant to the large-scale stores' operations. Some stores began to own and operate their own production or manufacturing units to make greater profits.[24] By 1914, department stores retained a price advantage compared to other retailers, yet the gap in profit became smaller than it had been in the past.[25] Depending on a store's location, its ability to maintain business, its susceptibility to physical destruction, or its overhaul for adverse political means, department stores had varying degrees of profitability during WWI.

[22] Weber, "Selling Dreams," 167.
[23] Ferry, "The History of the Department Store," 3.
[24] Pasdermadjian, *The Department Store*, 32.
[25] Ibid., 39.

The 1920s was a time of relative department store development and prosperity; although, the industry faced challenges at the start of the decade. Since mid-1919, retailing specialists had speculated that high prices, following the Armistice, were going to decrease, and by 1920, "talk of a 'buyer's strike'" triggered some large-scale retailers to slash prices to increase sales.[26] Some department store leaders had worried that if they refused to stimulate sales, then their stores would remain filled with expensive merchandise while prices dropped. Large-scale retailers had regarded their industry as a low-risk and stable endeavour in the prewar years compared to other retailing formats.[27] However, this newfound instability contributed to a "new philosophy of selling" for large-scale retailers.[28] For stores in Canada and the United States, the low profit margins and high turnover approach to selling gained momentum. According to David Monod, retailers speculated that the consumer public's rebellion against high prices in 1920 was "an internationally orchestrated strike" again retailers.[29] True or not, the need for high merchandise turnover took prominence to supplement potential losses, especially once the general prosperity of the 1920s faded.

Many department stores began to lose money during the Depression. German and American department stores experienced some of the worst financial hardships.[30] British department stores maintained relatively minor setbacks from 1929 to 1932 and improved "both sales and efficiency…over the 1930s."[31] Hudson's Bay's operating losses increased from $182,000

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[26] Monod, "Bay Days," 177. Some retailers also cleared their stockrooms by "limit[ing] their buying and…offer[ing] out-of-season sales."
[27] Ibid., 178.
[28] Ibid.
[29] Ibid., 178-179.
[30] Pasdermadjian, *The Department Store*, 44. This is unsurprising as it connects to a larger picture of economic difficulty following the war, particularly for Germany.
[31] Peter Scott and James Walker, "The British 'Failure' that Never Was? The Anglo-American 'Productivity Gap' in Large-Scale Interwar Retailing—Evidence from the Department Store Sector," *Economic History Review* 65, no. 1 (February 2010): 295. British department stores had lower operating costs than American department stores, which

to over $2 million—a 998.9% surge—from 1929 to 1931.[32] During the Depression, consumer preference possibly returned to small-scale retailing because of the positive psychological effect of supporting local businesses and large-scale retailers, as exemplars of 'bigness,' may have been viewed critically by the general public.[33]

To maintain a profitable competitive advantage, Canadian department store leaders sought an alternative to relying on high goods turnover. In the 1930s, Hudson's Bay leaders began to expand the gap between the cost of goods bought and the price to consumers.[34] This incurred greater risk for the company since prices became unstable. Hudson's Bay management started to decentralize the store's purchasing activities, following in the footsteps of Canadian store, Eaton's, and American store, Sears, Roebuck and Co. to combat losses further. [35] Regardless of the tactics, department stores saw some decreases in sales from 1920 to 1940.[36] Otherwise, the stores profited and flourished in the post-war years, growing into larger, more dominant institutions. By 1930, Canadian department stores retained "aggregate sales of $355 million [which] represented 12.9[%] of Canada's retail trade."[37] This meant that the department store "had come to rival the [grocery] store," as one of Canada's most important formats in terms of sales.[38]

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made expansion and retail competition easier for them to overcome. British stores, Marks & Spencer and Woolworth's, expanded in the 1930s because of this principle.

[32] Newman, *Merchant Princes*, 280. The increase in operating losses is calculated via the equation:
$2.0\text{ M} - 182{,}000\text{ K} = \frac{1{,}818{,}000\text{ M}}{182{,}000\text{ K}} = 9.98 \times 100 = 998.9\%$.

[33] Monod, "Bay Days," 190.

[34] Ibid., 191-193.

[35] Ibid. Decentralized purchasing is when every department of a business or store makes its own purchases so that it can adjust to the circumstances of each individual department or store. This differs from centralized purchasing, where purchases for an entire organization are made by one entity of the company. Since department stores tend to have multiple locations and departments, they are well-suited to a decentralized approach.

[36] Pasdermadjian, *The Department Store*, 46, 53, 61. From 1920 to 1940, department stores did not increase their percentage of total retail sales. Leaders managed to either hold their position or began to decline in total sales. Increased competition from various new store formats and the decline in mail-order retailing were contributing factors. Also, while purchasing power was up, the amount of 'available' purchasing power for the department store sector was lower than in previous decades since market saturation caused an influx in alternative shopping options.

[37] M.S. Moyer and G. Snyder, *Trends in Canadian Marketing* (Ottawa: Dominion Bureau of Statistics, 1967), 76, 99.

[38] Moyer and Snyder, *Trends in Canadian Marketing*, 76, 99.

WWII presented a multitude of problems for the department store ranging from understaffing to a failure to maintain service standards. Regardless, department stores often saw an increase in profits during wartimes. There are two reasons for this. First, department store management focused on public buying and less on promoting sales or merchandise selection.[39] They simply wanted people to buy whatever was available. Merchandise assortments had drastically decreased due to rationing efforts, and the inability to replenish stocks kept selections to a minimum.[40] Second, a decrease in merchandise quantity actually allowed department store leaders to save money, as did a "forced reduction in electricity, delivery and fuel" consumption since rationing limited expenses.[41] Insufficient supplies provided some store chains with good business opportunities abroad. For instance, leaders at Japanese store Mitsukoshi exploited Korea's lack of its own department stores or manufactured goods and expanded Mitsukoshi stores throughout the peninsula. This provided Mitsukoshi with an alternative income and effectively boosted profits for its stores during a time of economic depression in Japan.[42]

When the war ended, department stores around the world experienced varying states of recovery. Some department store leaders took advantage of post-war economies to expand their consumer reach. Across the globe, governments desired social and economic programs that could increase their population's purchasing power.[43] Thus, as post-war societies started to stabilize, the opportunities to earn more from the consumer increased, yet the consumer culture eventually fostered emerging retail competitors, such as big-box stores, hypermarkets, and discounters, to take a portion of potential profits.[44]

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[39] Pasdermadjian, The Department Store, 70.
[40] Morris Thompson, "Department Store Problems," *Journal of Marketing* 8, no. 1 (July 1943): 21.
[41] Pasdermadjian, *The Department Store*, 71.
[42] Hong, "Transcultural Politics of Department Stores," 135.
[43] Pasdermadjian, *The Department Store*, 71.
[44] See Chapter 11 for department store competitors.

Numerous department stores had undergone a twenty-year period of prosperity, suburbanization, and new household formation that helped account for the expanded profits in the 1950s and 1960s.[45] In Canada, from 1959 to 1969, total department store sales had increased 134%, with total net profit rising 142.9%.[46] The Canadian department store industry totalled $18.542 billion in sales from 1961 to 1969.[47] Still, various department stores across North America were beginning to experience decreases in sales by the late-1960s. Canadian department stores accounted for 10.1% of Canada's total retail sales in 1967—a minor increase of 0.2% since 1966.[48] Hudson's Bay leaders claimed that consumers were exceedingly cautious by 1967, and their hesitancy led to lower sales figures.[49] In the United States, American retailers Sears, Roebuck and Co., J.C. Penney, and Marshall Field's echoed this sentiment.[50] On average, Canadian total income rates had increased 12% from 1966 to 1967, but this did not carry over into sales for department stores or other retail institutions.[51] Overall, this decrease in sales was the result of several global factors that rattled consumer confidence into the 1970s. The United States Federal Reserve had started to raise interest rates in 1969 to slow down the overheated economy caused by Vietnam War expenditures.[52] Then, the 1973-1974 oil crisis quadrupled oil prices, causing a gas shortage when American domestic supplies could not account for commercial demand. This crisis, along

[45] See Chapter 5 for more on department stores and decentralization.
[46] Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 102.7.1 Finance - Economic Conditions - Review [1971-1974], 1971-1974, H2-223-4-4.
[47] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 102.7.1 Finance - Economic Conditions - Review [1971-1974]. The total sales excluded "catalogue sales offices, mail order offices and all other non-department store locations of department store firms." The Dominion Bureau of Statistics included Major Department Stores (i.e., Simpsons-Sears, Hudson's Bay Co., etc.) and Junior Department Stores (i.e., K-Mart, Zeller's, Woolco, etc.) in their data analysis.
[48] Ibid.
[49] Ibid.
[50] Ibid.
[51] Ibid.
[52] Michael Corbett, "Oil Shock of 1973-74," *Federal Reserve History*, November 22, 2013, https://www.federalreservehistory.org/essays/oil_shock_of_1973_74.

with continual inflation since the early-1970s, contributed to the 1973-1974 stock market crash and played a major role in the 1973-1975 recession, resulting in both high unemployment and the dollar's abrupt devaluation.[53] Going into the 1970s, Hudson's Bay experienced the "most severe profit decline" amongst major Canadian department stores.[54] Net profits declined 47%, compared to Simpson's with a decline of 32% and Woodward's with a decline of 24%.[55]

Today, retailers tend to have low profit margins compared to other business sectors with less than 4.5% margins.[56] These lower profit margins are attributed to retailers' susceptibility to changing consumer preferences and fluctuating customer purchasing power which is largely discretionary. From 1972 to 1978, Hudson's Bay had $4.234 billion in sales revenue. After deductions, the company netted $28.10 million dollars.[57] If the current level of 4.5% applied to the 1970s, Hudson's Bay was making profits typical for their industry between 1972 and 1978. However, with bond yields at 7 to 8%, department store margins were comparatively low overall.[58]

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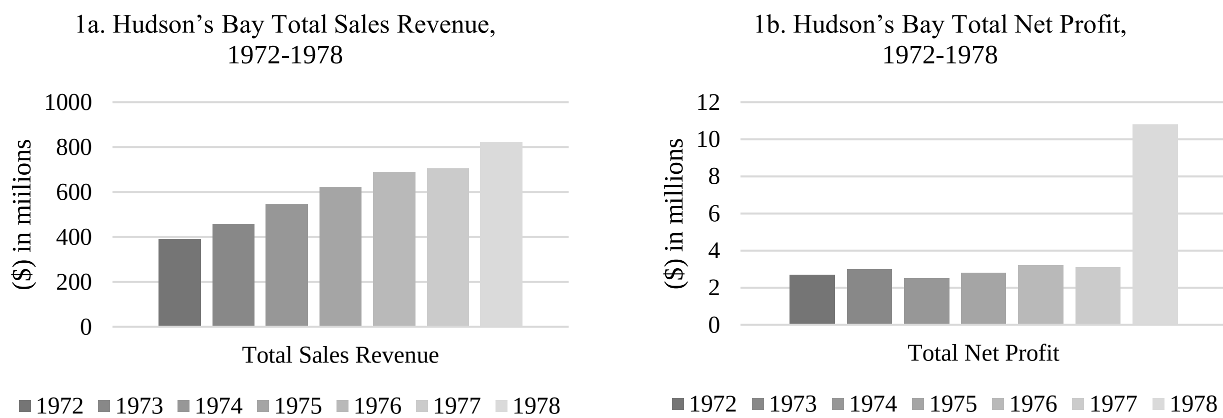
53 Corbett, "Oil Shock of 1973-74."
54 HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 102.7.1 Finance - Economic Conditions - Review [1971-1974].
55 Ibid.
56 Sean Ross, "What Is a Good Profit Margin for Retailers?" *Investopedia*, updated January 9, 2020, https://www.investopedia.com/ask/answers/071615/what-profit-margin-usual-company-retail-sector.asp. This includes general retailers and grocery retailers in its valuation.
57 Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 166: Five-Year Plan - The Bay, 1979, 1979, H2-247-2-4; Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, [HBC] Five-Year Corporate Plan 1978, 1978, H2-271-4-5.
58 Organization for Economic Co-operation and Development, Long-Term Government Bond Yields: 10-year: Main (Including Benchmark) for Canada.

TABLE 4. Hudson's Bay Total Sales Revenue, Total Net Profit and Profit % to Sales, 1972-1978

	1972	1973	1974	1975	1976	1977	1978
Total Sales Revenue ($) in millions	391	456	544	624	691	705	823
Total Net Profit ($) in millions	2.7	3.0	2.5	2.8	3.2	3.1	10.8
Profit % to Sales (%)	0.69	0.66	0.46	0.45	0.46	0.44	1.31

Note: Figures for 'Total Sales Revenue' and 'Total Net Profit' for Table 4 and Graph 1 were rounded to the nearest one. Figures for 'Profit % to Sales' were rounded to the nearest hundredths.[59]

GRAPH 1. Hudson's Bay Total Sales Revenue and Total Net Profit, 1972-1978



When compared to fellow department stores in Canada, Hudson's Bay's profits become less than satisfactory. In a snapshot of 1972 to 1973, Hudson's Bay lagged significantly behind rival Canadian department stores in net profit. With the exception of Simpsons-Sears, Hudson's Bay, Simpson's, and Woodward's made similar sales revenues within $20 million of one another in 1972 and within $30 million in 1973. Of the three companies, Woodward's accumulated the lowest sales revenue across both years, while Hudson's Bay consistently made the least in net profit.

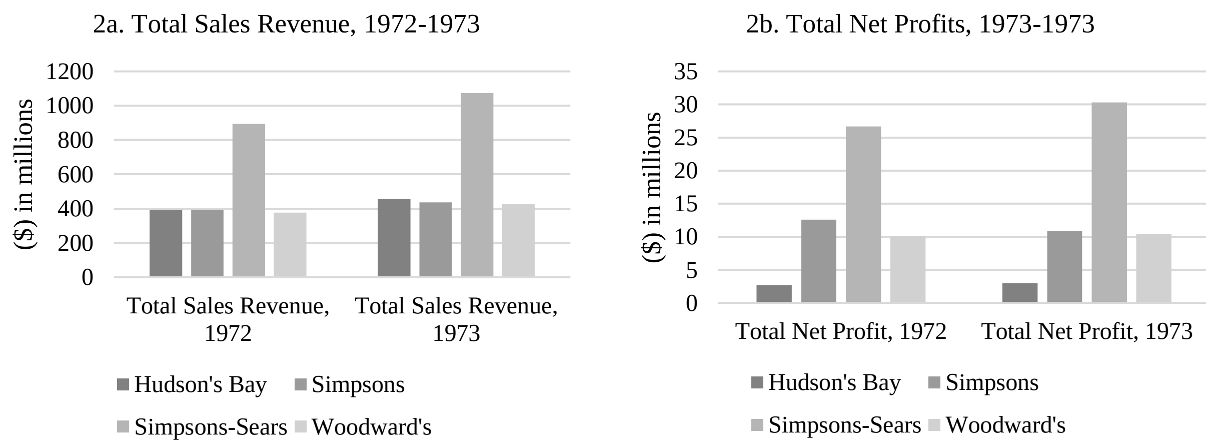
[59] HBCA, The Bay executive office files, File 166: Five-Year Plan - The Bay, 1979; HBCA, HBC corporate secretary's subject files, [HBC] Five-Year Corporate Plan 1978.

TABLE 5. Comparison of Canadian Department Stores' Total Sales Revenue, Total Net Profit and Profit % to Sales, 1972-1973

	Hudson's Bay		Simpson's		Simpsons-Sears		Woodward's	
	1972	1973	1972	1973	1972	1973	1972	1973
Total Sales Revenue **($) in millions**	391	456	393	436	894	1,074	376	428
Total Net Profit **($) in millions**	2.7	3.0	12.6	10.9	26.7	30.3	10.1	10.4
Profit % to Sales **(%)**	0.69	0.66	3.21	2.50	2.99	2.82	2.69	2.43

Note: The figures for 'Total Sales Revenue' and 'Total Net Profit' in Table 5 and Graph 2 were rounded to the nearest one. Figures for 'Profit % to Sales' were rounded to the nearest hundredths.[60]

GRAPH 2. Canadian Department Stores Total Sales Revenue and Total Net Profit, 1972-1973



Hudson's Bay's net profits were constrained by its profit margins which fell below 1%, while Simpson's, Simpsons-Sears, and Woodward's averaged 2.77% margins.[61] Depreciation of store merchandise or high operating costs could explain Hudson's Bay's low margins. All decisions at the core of merchandising are investment decisions about how much money should be invested into certain products to attain maximum return.[62] Inherently, department stores are at

[60] HBCA, The Bay executive office files, File 166: Five-Year Plan - The Bay, 1979; Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, [HBC] Five-Year Corporate Plan 1978, 1978, H2-271-4-5; Hudson's Bay Company Archives, Archives of Manitoba, Controller, Department Stores office files, HB2007/215, 18.5.1. Retailers, Other, General, 1973-1974, H2-247-6-5.
[61] Ibid; HBCA, HBC corporate secretary's subject files, [HBC] Five-Year Corporate Plan 1978; HBCA, Controller, Department Stores office files, 18.5.1. Retailers, Other, General.
[62] Daniel J. Sweeney, "Improving Profitability of Retail Merchandising Decisions," *Journal of Marketing* 37, no. 1 (January 1973): 61.

risk for lower profit margins because they sell goods at a low price point. While this benefits the customer, the goods might not be priced at what they are 'worth,' thus, limiting their revenue for retailers. One hypothesis could be that since discount department stores or big-box stores could sell even larger sales volumes than department stores could, it forced department store leaders to further lower their prices to stay competitive.

The lower an operating profit margin, the more profitable a business tends to be.[63] Accounting for only the cost of products or the cost of providing a service, Hudson's Bay's gross income in 1972 was $125 million on $391 million in sales revenue.[64] Therefore, operating expenses would equal $266 million. In 1973, with a gross income of $151 million on $456 million in sales revenue, the operating expenses would equal $305 million.[65] As a result, operating expenses for 1972 to 1973 averaged $285.5 million with an average operating profit margin of about 67.5%.[66]

Hudson's Bay's profit margins also fell short of their American counterparts. At the 9-Month mark for 1972 and 1973, Hudson's Bay had a negative profit margin average of -0.81%.[67] Even by year-end, Hudson's Bay's positive margins—as seen in Table 5—were not as high as those observed at the 9-Month mark for Simpsons-Sears, Woodward's, Federated Department Stores, R.H. Macy's & Co., and J.C. Penney. Therefore, while Hudson's Bay produced an adequate

[63] Hudson's Bay department stores were one branch of Hudson's Bay Company's business. Regardless of potentially excessive operating profit margins, there might have been sufficient funds generated from other company avenues—like Wholesale, Oil and Gas, or Fur—to keep financially offsetting Hudson's Bay's margins.
[64] HBCA, HBC corporate secretary's subject files, [HBC] Five-Year Corporate Plan 1978. It is presumed that the gross income was calculated before taxation, interest, payroll or other overhead company expenses.
[65] Ibid.
[66] Ibid. The operating profit margin is calculated via the equation: $\frac{571\text{ M}}{847\text{ M}} = 0.67 \text{ x } 100 = 67\%$ or $\frac{266\text{ M}}{391\text{ M}} + \frac{305\text{ M}}{456\text{ M}} = 0.68 + 0.67 = \frac{1.35}{2} = 0.675 \text{ x } 100 = 67.5\%$. Corresponding data from Simpson's, Simpsons-Sears and Woodward's is unavailable. It may be fair to presume that this operating profit margin is exceptionally high.
[67] HBCA, Controller, Department Stores office files, 18.5.1. Retailers, Other, General.

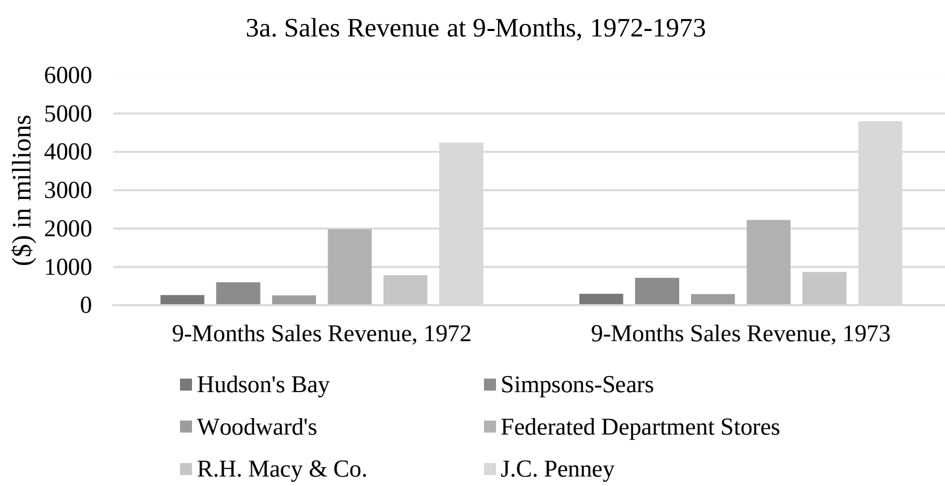
level of profitability, when compared to larger American stores or rival Canadian stores, its profitability was low and unimpressive.

TABLE 6. Comparison of Canadian and American Department Store Sales Revenue, Net Profit, and Profit % of Sales at 9-Months, 1972-1973

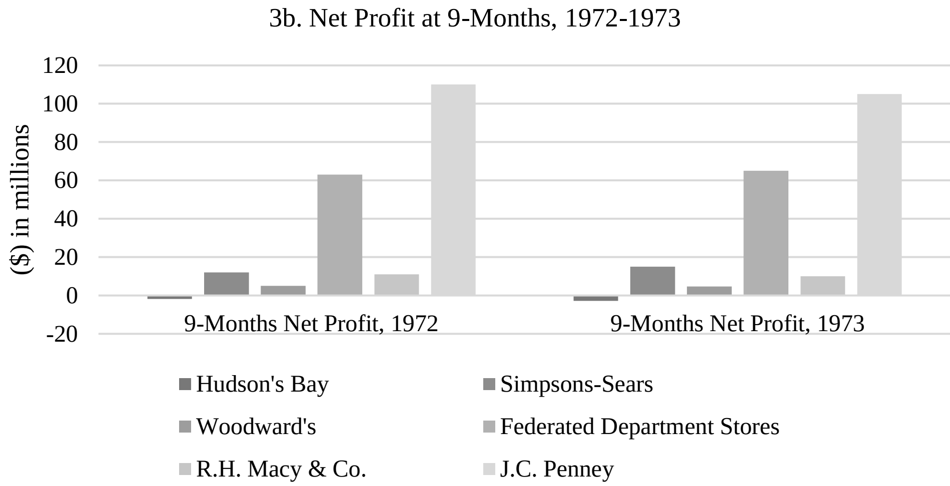
	Hudson's Bay		Simpsons-Sears		Woodward's		Federated Department Stores		R.H. Macy's & Co.		J.C. Penney	
	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973
9-Month Sales Revenue ($) in millions	265	301	599	718	258	290	1,987	2,223	783	863	4,240	4,800
9-Month Net Profit ($) in millions	-1.8	-2.8	12.0	15.0	5.0	4.7	63.0	65.0	11.0	10.0	110.0	105.0
Profit % to Sales (%)	-0.68	-0.93	2.00	2.09	1.94	1.62	3.17	2.92	1.40	1.16	2.59	2.19

Note: Figures for 'Total Sales Revenue' and 'Total Net Profit' in Table 6 and Graph 3 were rounded to the nearest one. Figures for 'Profit % to Sales' were rounded to the nearest hundredths.[68]

GRAPH 3. Canadian and American Department Store Sales Revenue and Net Profit at 9-Months, 1972-1973



[68] HBCA, Controller, Department Stores office files, 18.5.1. Retailers, Other, General.



During the late-1970s, Canada and America's unstable economic environment challenged department store leaders, in part because of shifts in consumers' disposable income. Enduring pressure on the Canadian and American dollar made short-term interest rates rise to high levels.[69] Inflation also signalled the possibility of another American recession that would affect Canada's economy and limit discretionary buying.[70] Also, inflation made it difficult for department store executives to project demand, settle on pricing, and set wages.

To combat these challenges, Hudson's Bay leaders attempted to increase the company's market share.[71] A focus on expansion was a common department store characteristic that continued throughout the 1960s and 1970s.[72] From 1979 to 1981, HBC executives expected to open or expand 14 Hudson's Bay stores.[73] Yet, industry dynamics shifted during the 1980s, and

[69] HBCA, The Bay executive office files, File 166: Five-Year Plan - The Bay, 1979. See also Organization for Economic Co-operation and Development, Long-Term Government Bond Yields: 10-year: Main (Including Benchmark) for Canada [IRLTLT01CAM156N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/IRLTLT01CAM156N, October 19, 2020.

[70] Ibid. The United States would endure a recession beginning in January 1980.

[71] Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, [HBC] Five-Year Corporate Plan 1980, 1980, H2-271-4-5. Hudson's Bay department stores maintained a stronger market share and presence in Western Canada than they did in Eastern Canada.

[72] Deborah J. Cornwall, "Say Goodbye to the Merchant Mystique," *Business Horizons* 27, no. 5 (September/October 1984): 79.

[73] HBCA, The Bay executive office files, File 166: Five-Year Plan - The Bay, 1979.

competitive rivalry further increased as new retail forms started to emerge, such as home shopping and catalogue stores.[74] During their early years, department stores had typified creative destruction but, less than a century later, they were on the receiving end of entrepreneurial forces of change. Moreover, market saturation reduced the widespread domination department stores used to enjoy, and it limited the ability for stores to expand quickly because they had more restricted profits.

Department store management originally trusted high sales volume and low markups on fixed priced goods to make significant profit income and amass unprecedented growth potential. From the late-1800s to the 1960s, these organizational processes had more or less worked. Nevertheless, the everchanging economic environment compelled department store executives to seek improvements in these methods and find other techniques to increase market share. By the 1970s and 1980s, more retail formats occupied the consumer landscape than ever before. From 1972 to 1978, Hudson's Bay attained profit margins and net profit in line with general retail profit statistics. However, while it maintained a relatively continuous increase in net profit during this period, the degree of profit was not as great as several rivals. Hudson's Bay was consistently less profitable by comparison. Shareholders could not have missed this reality and the greater returns from other forms of investment.

In Canada, Hudson's Bay has survived competitors Woodward's, Simpsons-Sears, and Simpson's in the retail marketplace, despite these stores' superior profitability.[75] It appears that profits on sales have not alone determined which department stores will close. Whatever considerations kept the Hudson's Bay in the game, the fact is that the very practice which had seen to it that it and other department stores had prospered, namely higher turnover, was now being

[74] Cornwall, "Say Goodbye to the Merchant Mystique," 79.
[75] Hudson's Bay Company purchased Simpson's in 1978 and Woodward's in 1993. Simpsons-Sears was dissolved following Hudson's Bay Company's purchase of Simpson's. Sears, Roebuck and Co. would operate Sears Canada until its bankruptcy in 2018.

deployed by other models of retail. A method that once benefited the department store eventually contributed to its undoing.

The profitability tactics department store managements used worked hand-in-hand with organizational structures for authority and merchandise. Management created the model for these organizational structures when pre-existing systems failed to meet their retailing needs. Regardless of these tactics, maintain a consistent customer return was crucial to maximize potential profits. Even so, well priced goods were not often enough to continue drawing customers inside. Store management needed a way of swaying customer behaviour in their store's favour. To do so, management was willing to manipulate the customer environment.

CHAPTER 5
Setting Up Shop: Façades and Interiors

In his 1945 novel, *Brideshead Revisited*, Evelyn Waugh wrote that modernization "is just another jungle closing in."[1] For protagonist Charles Ryder, an old barn, repurposed as a studio space, loses its appeal—the familiar scent of its wood or the feel of its earthen floor—once it's transformed "to [suit] modern needs."[2] Caught up in a whirlwind of nostalgia, Charles has no alternative but to concede that society inescapably evolves regardless of individual consent.

Modernity is not easily described. Max Weber saw modernity as the "disenchantment of the world" whereby rational thought would replace spirituality in people's lives, within reason.[3] Michel Foucault's modernity contained the societal rejection of tradition and community in favour of individualization, scientific progress, and the capitalist market, amongst other factors.[4] Roland Marchand argued that 'soullessness' accompanied modern commercial life and that, following the 1890s, big businesses responded to disenchantment by simulating family life and family values within retail establishments.[5] A sense of nostalgic loss towards a 'simpler, bygone way of living,' as exhibited by Waugh's hero, can be a consequence of this change. At its core, modernity is a collection of social processes that, when bundled together, create a version of societal norms.[6] For historians and social theorists, its existence is guided by related constructs like industrialization,

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[1] Evelyn Waugh, *Brideshead Revisited* (McClelland & Stewart, 2017), book 3, chapter 1, Kindle.
[2] Waugh, Brideshead Revisited, book 3, chapter 1.
[3] Max Weber, "Science as Vocation," in *The Vocation Lectures*, trans. Rodney Livingstone, ed. David Owen and Tracy Strong, (Indianapolis: Hackett Publishing, 2004), 12-13, 17-18; Steven Grosby, "Max Weber, Religion, and the Disenchantment of the World," *Society* 50, no. 3 (June 2013): 301-302. Weber argued that rationalization would allow people, in theory, to control any aspect of life through calculation or science. Weber worried that this would allow humanity to control everything except the ability to answer the fundamental questions of human existence: "[As humans,] what should we do? How shall we live?"
[4] Michel Foucault, *Discipline and Punish: The Birth of the Prison* (London: Penguin Books, Ltd., 1977), 170-177.
[5] Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley, CA: University of California Press, 1998), 8, 101; Loy-Wilson, "The Gospel of Enthusiasm," 96.
[6] Jason Ā. Josephson-Storm, *The Myth of Disenchantment: Magic, Modernity, and the Birth of the Human Sciences* (Chicago: University of Chicago Press, 2017), 306.

urbanization, or globalization.[7] Thus, to speak of modernity means to discuss the relationship among these various concepts.

The retail landscape of today is a product of modernity. Department stores tend to feature in discussions about retail modernization, mainly because of their visibility, international goods assortments, technological innovations, and selling techniques.[8] Often, these stores serve as the centrepiece for changing consumer life globally, influencing the way people perceived themselves in relation to other genders, races, classes, and ethnicities. A department store's influence also expanded to the physical landscape it occupied. That landscape included design attributes both outside and inside the store that management constructed.

Department store leaders recognized that physical environment played a part in attracting customers to their stores. It also had the potential to influence consumer buying habits. If they were attracted to a window display, they were more likely to come into the store. Once inside, if a customer was happy, they were likely to buy more and so on. When department store leaders used environmental manipulation, they expanded their reach by manipulating space outside the store or beyond store property. Management wanted their stores to have the potential to influence cityscapes at the onset of urbanization. Doing so could help build consumer familiarity with a company. Therefore, store leaders planned and selected store locations with customer accessibility and profitability in mind. Success in urban centres was a crucial phase of store development and indicated whether the stores could withstand penetrating a multitude of diverse real estate environments. Many of store management's real estate decisions anchored neighbourhoods and

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[7] See Chapter 1 on industrialization and the department store and Chapter 13 on department stores, internationalization, and globalization.

[8] In Japan, department stores were seen as symbols of westernization and were used as models for modernization in design and structure throughout Japanese society. See also Millie Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan: Department Stores and the Commoditization of Community Traditions," *Japan Forum* 10, no. 2 (September 1998): 127-149.

contributed to social patterns, such as entertainment districts or tourist landmarks, that remain in many cities today. Even with some department stores' decline, the investment in the land they were constructed upon retains market value. Following decentralization and the establishment of the suburbs, leaders adapted department store locations to match modern trends. More so, they advanced due to competitive pressure and the need to reach a developing consumer market.

Thus, it is fair to say that the ability to adjust to and contribute to modernity has been wrapped up with department store management's goals of making their stores fixtures in both the central city and suburban landscapes. Department store locations were central to the department store narrative. These brick-and-mortar locations represented the modern world that leaders in the grand retail sector wanted since they sought to build society in a way that benefitted their retail enterprises. While enticing prospective buyers through showmanship and wonder inside, their stores had also influenced people outside the adorned walls. This was particularly the case with downtown sites, for the public, comprising potential customers, could not miss the grandeur and the finishing details of the structure as they walked or rode past. Whether or not affluent city people contemplated the store's architecture or subliminally absorbed its modernity, the structure made impressions. It affirmed the material success of the community and teased the consumers' imagination of what waited within. This chapter will first discuss management techniques in external manipulation, involving the creation of urban and suburban landscapes and store architecture, and then switch its focus to internal manipulation techniques through store interior design.

The modernity embodied in the department store was connected to a faith in processes where various developments aligned to propel a society forward. Those who did not exhibit the salient traits needed to 'catch up' to their 'more advanced' counterparts.[9] Such a narrative presupposes desirable traits and fuels the idea of certain domestic and foreign societies as 'backward.' In Western narratives, modernity was spurned by large-scale changes, particularly a push towards mass urbanization, observed in many European societies from 1600 to 1850.[10] To assist with explaining the ties between a certain broad expression of modernity and the specific example of the department store, we turn now to city-based developments and, subsequently, to their influence on the stores' architecture.

Urban settlements existed long before the dawn of 'the modern.' Globally, cities always served as places of knowledge exchange, challenging inhabitants to strategize over "migration, diversity, and cohabitation."[11] Closer confines also gave rise to economic and institutional innovations that would transform production, even prior to the Industrial Revolution.[12]

Urbanization has been and continues as an uneven development. In other words, it was a necessary but not sufficient condition of the emergence of the department store. The full array of conditions that first fostered the department store's modernity could only have occurred in a society that had an emporium culture and sufficient prosperity to enable cosmopolitan consumption. British cities met the conditions.[13] People migrated on mass to find work.[14] Abandoning the countryside, they sought improved wages and, according to economic historian Robert Allen, the high productivity of the countryside enabled explosive urban growth. Next to

[9] Eszter Gantner and Heidi Hein-Kircher, "'Emerging Cities': Knowledge and Urbanization in Europe's Borderlands 1880-1945—Introduction," *Journal of Urban History* 43, no. 4 (July 2017): 578.
[10] Chris Baker and Pasuk Phongpaichit, "Early Modern Siam as a Mainly Urban Society," *Modern Asian Studies* 51, no. 2 (March 2017): 236.
[11] Gantner and Hein-Kircher, "'Emerging Cities,'" 576-577.
[12] Paolo Malanima, "Italy in the Renaissance: A Leading Economy in the European Context, 1350-1550," *Economic History Review* 71, no. 1 (February 2018): 9-11.
[13] Lancaster, *The Department Store*, 3.
[14] Cox, *The Complete Tradesman*, 2.

the Netherlands, rural England had the most productive agricultural sector in Europe.[15] City-dwellers had to purchase a greater quantity of goods than the rural populace.[16] Retailers saw opportunities in the concentration of wage earners. The public's needs and desires drove the expansion of the retail industry.[17]

Most department stores that emerged in the late nineteenth century were built in downtown cores to reach clientele throughout the city.[18] Looking exclusively at American cities, Robert M. Fogelson claimed that a city "cannot exist without a strong, vibrant downtown" since residents spend the majority of their time working, shopping, and doing business in that area.[19] His observation applies to other cities. When Dupuis Frères opened in 1868, the owners worried that its location on St. Catherine Street would be its undoing as it was not in the downtown district of Montreal where the retail trade was concentrated.[20] Throughout the twentieth century, a trend towards central, urban locations continued. Spanish store, El Corte Inglés, thrived by building in prime locations throughout major Spanish cities.[21] Quite often, this practice of entrepreneurship to secure prime locations was confined to one city, and the store became synonymous with that city's fashions and allure. For example, in Berlin, A. Jandorf & Cie. focused on monopolizing the local department store trade by concentrating "on a single metropolitan area" instead of expansion to multiple cities.[22] When chains of stores were formed, it was fairly common for department stores to congregate in the same district or on the same street. This increased the competition as they vied

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[15] Robert Allen, *The British Industrial Revolution in Global Perspective* (Cambridge: Cambridge University Press, 2009), 1-9.
[16] Burns and Rayman, "Retailing in Canada and the United States," 165-166.
[17] Weber, "Selling Dreams," 161-163.
[18] Pasdermadjian, *The Department Store*, 10.
[19] Robert M. Fogelson, *Downtown: Its Rise and Fall* (New Haven, CT: Yale University Press, 2008), 13.
[20] Josette Dupuis-Leman, "Christmastime chez Dupuis Frères," *The Beaver* 85, no. 6 (December 2005): 56.
[21] Peter Gold and Lucy H. Woodliffe, "Department Stores in Spain: Why El Corte Inglés Succeeded where Galerías Preciados Failed," *International Journal of Retail & Distribution Management* 28, no. 8 (2000): 334.
[22] Coles, "Department Stores as Innovations in Retail Marketing," 39.

for the public's attention. At times, stores were erected in pre-existing cultural centres to allow "easy access to retailers and traders," as well as pedestrians.[23] On other occasions, they had sufficient consumer appeal to build outside the traditional downtown and form the nucleus of new retail and cultural centres.

Depending on the locale, a diverse, cosmopolitan clientele posed challenges for store management during location selection. For instance, department stores in Istanbul, like Orosdi Back, A. Mayer Baker, or Bazar Allemand, experienced cultural hurdles when leaders selected their locations. Muslim female customers were disinclined to visit Istanbul's Western districts if they intended to shop. Therefore, establishing stores solely in the Western centres could cut off an entire customer base.[24] By building at a 'middle ground' location, the stores had a better chance of attracting people from various sectors of Istanbul society. Dupuis Frères' rivals on St. Catherine Street were Anglophone stores, Eaton's and Morgan's. Establishing itself as the only Francophone department store on the street allowed the business to tend to a sector of the community that its rivals ignored. It also allowed them to attain an equal footing with the other more prominent businesses.[25]

As cities expanded, they also restructured to accommodate an influx of people. Convergences of public transit routes influenced the locational choices of some department store owners.[26] In London, Gordon Selfridge built his store—Selfridges—at the west end of Oxford

[23] Köse, "Vertical Bazaars of Modernity," 95.
[24] Ibid., 94.
[25] Michelle Comeau, "Les grands magasins de la rue Sainte-Catherine a Montreal: des lieux de modernisation, d'homogeneisation et de differenciation des modes de consommation," *Material History Review* 41 (Spring 1995): 58-59, 66. Eaton's catered to both Anglophone and Francophone customers. Morgan's targeted Anglophone shoppers.
[26] Richard Longstreth, "Bringing 'Downtown' to the Neighborhoods: Wieboldt's, Goldblatt's, and the Creation of Department Store Chains in Chicago," *Buildings & Landscapes: Journal of the Vernacular Architecture Forum* 14 (Fall 2007): 16.

Street, close to Bond Street subway station.[27] The store's success transformed the area into a fashionable district. Some department stores were constructed to be part of transportation networks, directly attached to railway terminal stations. Called 'terminal department stores' in Japan, these department stores became popular throughout the 1910s to 1930s.[28]

Hankyu Department Store had a location joined to Osaka's Umeda Station by 1922. Store founder Ichizō Kobayashi liked the railway-centered location because the store did not require additional advertising to lure customers inside since they were already in the station.[29] In 1932, a subway line opened near Mitsukoshi in Tokyo. The new line prompted the company to fund and build an underground entrance connecting the store to the station, even naming the station: *Mitsukoshi-mae*.[30] Therefore, even if people passing by did not intend to shop at Mitsukoshi, they were reminded of the store's presence in the city and drawn to it by the city's infrastructure.

Downtown centres remained crucial to buying and selling habits until grand-scale decentralization, the movement of people and the epicentre of social life from the downtown centre to outlying locations. In city after city in the so-called developed world, the city centre became, and remains, less crucial to peoples' everyday lives. Downtowns experienced a fall in pedestrian movements and falling property value. In the United States during the post-WWII years, automotive advancement and urban overcrowding encouraged city-dwellers to exchange urban life

[27] Jeanne Catherine Lawrence, "Building Selfridge's: Construction on an American Scales in a London Setting," in *The European Cities and Technology Reader: Industrial to Post-Industrial City*, ed. David C. Goodman (London: Routledge, 1999), 161. See also Erika Rappaport, *Shopping for Pleasure: Women in the Making of London's West End* (United Kingdom: Princeton University Press, 2000).
[28] Takashi Hirano, "Retailing in Urban Japan, 1868-1945," *Urban History* 26, no. 3 (December 1999): 383; Young, "Marketing the Modern," 57-58.
[29] Rika Fujioka and Jon Stobart, "Global and Local: Retail Transformation and the Department Store in Britain and Japan, 1900-1940," *Business History Review* 92, no. 2 (Summer 2018): 261. Leaders at Hankyu Department Store were also able to expand the store's operation hours because of its attachment to the railroad. As a result, Hankyu's visitor count was on average the highest amongst its competitors on weekdays since rail passengers often passed the store during their commute.
[30] Fujioka and Stobart, "Global and Local," 261. In Japanese, the station name means 'in front of Mitsukoshi.'

for a new lifestyle in suburbia.[31] Many Canadian and British cities concurrently underwent suburbanization.[32] The exodus of middle-class consumers diminished purchasing power in city centres. The fall of the downtown, most pronounced in the United States, compelled retailers to follow consumers.[33]

Some department store leaders wanted to resist decentralization because of the extensive financial investment put into urban locations. They faced a shrinkage of capital assets because, in the United States, commercial real estate had lost its "inflated commercial…value" from initial commercial development in the 1920s.[34] Occupying prime real estate made department stores susceptible to declining real estate value, and weakening profit margins from a loss of clientele. Leaders at Canadian store Eaton's feared that their stores would become 'stuck' in "declining neighbourhoods" as the white, middle-class, Anglo-Canadians relocated to the suburbs and immigrant communities and minorities remained in urban environments.[35] For many department store leaders, these losses—or impending losses—were enough to convince them that department stores in city cores no longer guaranteed profitability.[36] Stores that resisted the push to suburbia often went out of business in one of the first waves of mass department store closures.[37]

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[31] Vicki Howard, *From Main Street to Mall: The Rise and Fall of the American Department Store* (Philadelphia, PA: University of Pennsylvania Press, 2015), 133.
[32] Belisle, *Retail Nation*, 43-44.
[33] It is not to say that decentralization decimated all value in the downtown core. Rather, downtown shopping areas became less able to compete with rising branch and suburban stores as time went by. See also Vicki Howard, *From Main Street to Mall: The Rise and Fall of the American Department Store* (Philadelphia, PA: University of Pennsylvania Press, 2015).
[34] Stephanie Dyer, "Marketing in the Meadows: Department Stores and Shopping Centres in the Decentralization of Philadelphia, 1920-1980," *Enterprise & Society* 3, no. 4 (December 2002): 610.
[35] Wright, "Rewriting the Modern," 165. Eaton's executives did not view immigrant groups or minorities as their 'kind of customer' and disliked how their enduring presence in cities would change the 'character' of the downtown. Executives wondered how it would be possible to turn this group into "modern customers" if Eaton's were to remain largely urban. Groups that were 'accepted' by the store as 'their clientele' included European-only immigrants, excluding other racial or ethnic minorities from inclusion.
[36] Dyer, "Marketing in the Meadows," 610. See also David Rachman and Keith J. Fabes, "The Decline of the Traditional American Department Store," *Journal of Marketing Channels* 1, no. 3 (1992): 39-59.
[37] Susan Porter Benson, "Palace of Consumption and Machine for Selling: The American Department Store, 1880-1940," *Radical History Review* 21 (Fall 1979): 217.

The suburbs presented a new real estate challenge for department store management. From 1950 to 1955, American suburban populations increased seven times faster than city populations.[38] Some small to moderate size retailers located in towns and peripheral communities where suburbs now cropped up were well-positioned to make an effort at serving growing suburban populations. Department stores went into communities with the strategy of leveraging their well-known reputations in a way that differed from the local retailers, and some relied on similar 'culture-centre building' characteristics that they used for their urban stores.

A general growth of retail development flourished during suburbanization. Retail expansion enabled consumers to purchase items within close proximity to their homes without commuting to the city for their shopping needs. However, multi-tiered emporium-style department stores were impractical for suburban locations. Not only was verticality unnecessary for a suburban site, but the stores did not have the same concentration of patrons as in the city. Thus, they required less internal space. What is more, the suburban locations often relied on public transit or the automobile, minimizing the pedestrian appreciation for architectural details that so often had made earlier department stores live up to the idea of shopping palaces. Suburban department store management wanted a middle ground between "small-town Main Street and big-city central business district."[39] To attain this, suburban store locations focused on three characteristics: physical accessibility, proximity to a high-income population area, and the ability to serve as shopping mall anchors.[40] Automobile accessibility required stores to be near major highways and provide ample parking for customers. A high-income population was ideal for a chance at a

[38] Howard, *From Main Street to Mall*, 133-134.
[39] Dyer, "Marketing in the Meadows," 607.
[40] Sean Silcoff, "Life After Eaton's," *Canadian Business* 72, no. 14 (September 10, 1991): 4-5. Suburban residents were not solely high-income families. Lower-middle- and low-income households were in suburban areas, eventually giving greater purchase to discount department stores. See also Robert Drew-Bear, *Mass Merchandising: Revolution and Evolution* (New York: Fairchild Publications, Inc., 1970).

customer base with a higher expendable income. Shopping mall anchorage was the most important factor for department store suburban influence.

Shopping malls emerged in tandem with suburbanization. A key feature of their construction, often in figure-eight designs, was their use of anchor stores. Anchor stores are well-known, large-scale stores that were intended to bring business to a mall, helping add to the success of smaller store units in a shopping complex. From the mid-1950s to the late 1980s, an anchor store's reputation became the defining characteristic for a mall and encouraged other smaller stores to rent or lease units. In essence, the anchor stores were expected to be the foundational stores for these complexes. In North America, practically all anchor stores were originally department stores.[41]

Department stores allowed new shopping communities to flourish in the suburbs and helped to shape suburban landscapes. Retailers and land developers sought prime locations for shopping centres and aimed to plant their roots in suburbia to weaken their opponents' opportunities for expansion. Housing developments were built alongside shopping centres, which provided for the increasing population's needs and wants in a way that small-scale shops could not. Most of all, developers wanted to design centres that could replicate the feeling of the 'abandoned' downtown in a more controlled, unique, and aesthetically pleasing environment—all three of these aspects are traits of the department store. A physical staple of the downtown core—the department store—became prominent in the suburban scene as well, although the architectural flair and exuberance of the best downtown stores were absent.

[41] Ray R. Serpkenci and Douglas J. Tigert, "Antecedents and Consequences of Structural Change in North American Retailing 1990-2010," *International Review of Retail, Distribution and Consumer Reach* 20, no. 1 (February 2010): 48.

For Hudson's Bay Company, urbanization in the early twentieth century presented opportunities for a dramatic change. In Western Canada, the HBC had neglected to expand retail endeavours extensively during an initial boom of community settlement from 1900 to 1913.[42] Originally, most fur trading outposts were at the centre of Western settlements. This was because they were the sole purveyors of goods in the far-flung regions of the country. When some old trading posts were converted into small shops and more shops opened in newer settlement regions, company executives foresaw expansive urbanization as the death of the company's trade in furs.[43] While the fur trade would remain a branch of the company, retail operations would become more advantageous. The company began to build large-scale department stores in rapidly populating and developing urban cores throughout the 1910s and 1920s.[44] The HBC participated too in the next trend.

By the 1950s, the company's department store chain was suffering from continued financial fallout from the Great Depression, a lack of uniformity amongst their downtown stores, and an inability for the company to manage cost control.[45] Thus, suburbanization presented an opportunity to pursue greater turnover and revenue. The company determined to expand into suburban shopping centres, as well as penetrate Ontario and Quebec markets.[46] The suburban expansion turned out to be profitable. By 1960, the HBC had five suburban locations. The HBC

[42] Monteyne, "Constructing Building and Histories," 98.
[43] Ibid.
[44] Ibid., 97; "A Brief History of HBC," Hudson's Bay Company History Foundation, accessed April 16, 2020, http://www.hbcheritage.ca/history/company-stories/a-brief-history-of-hbc; "Calgary," Hudson's Bay Company History Foundation, accessed April 16, 2020, http://www.hbcheritage.ca/places/places-other-institutions/calgary. See Table 1 for opening dates for Hudson's Bay's original six department stores.
[45] Newman, *Merchant Princes*, 280, 323.
[46] Ibid., 304. Much of this expansion occurred because of the company's purchase of Morgan's. See Chapter 12 for more on the HBC's purchase of Morgan's.

successfully raised and stabilized Hudson's Bay's sales figures by 1967 and in 1970 boasted thirty-three "large and medium-sized department stores."[47]

While choosing to enter the suburbs proved profitable at the time, the expansion was not easily accomplished. Even if department stores wanted to expand into the suburbs, the opportunity was not always available. Large shopping complexes needed department store anchors to be the initial attraction to their mall. However, specialty stores were still necessary to occupy the existing small-scale units.[48]

The department store may have helped the real estate firms that built or managed shopping malls, yet the mall's success came with a risk for the department store. The expansion of suburban stores unwittingly allowed department store competitors to flourish and increased the fight for store space. It also increased the likelihood of merchandise duplication amongst stores. These were concerns that management at downtown department stores had not experienced.[49] Thus, department store management weakened their stores' longer-term market position by contributing to the suburban environment. Hudson's Bay was not immune.

Hudson's Bay always struggled in the shadow of Canadian rivals, Eaton's and Simpson's. The move to the suburbs did not decrease this pressure. The HBC was never able to establish as many department store locations as their rivals, especially in Toronto or the Greater Toronto Area.[50] With only so many complexes in need of anchor stores, the quest for the best locations was an intense affair that occupied management. There was an added complication via consumer expectation, as well. The switch to suburban locales did not eliminate the consumer need for

[47] Newman, *Merchant Princes*, 324, 337.
[48] Hudson's Bay Company Archives, Archive of Manitoba, The Bay executive office files, HB2007/207, File 100: Miscellaneous Managing in the 1980s, March 1984 (3/3), 1983-1984, H2-246-6-3.
[49] HBCA, The Bay executive office files, File 100: Miscellaneous Managing in the 1980s, March 1984 (3/3).
[50] Hudson's Bay Company Archives, Archive of Manitoba, Canadian Committee correspondence filed according to the Direct Decimal System, HB2007/134, 605.9.1 PUBLICITY Stores Image, 1972, H2-224-7-7.

locations to be convenient. If a rival department store was easier to access than Hudson's Bay, customers seemed willing to forgo loyalty to the brand in favour of convenience.[51]

With decentralization declining business opportunities in cities, lack of success in the suburbs was a frightening prospect. Additionally, the perception of 'the city' versus 'the suburbs' grew in consumer minds, pitting satellite stores in the suburbs against their flagship city counterparts. Hudson's Bay struggled to maintain consistent sales trends at some suburban stores, particularly in Montreal.[52] Despite weakened urban cores, consumers often perceived the downtown as the center of fashion. Suburban stores could not rival the style and product differentiation found among retailers downtown. Plainly, at times, suburban stores were viewed as "just a branch" while downtown was intended for true shopping excursions.[53] The revitalization of downtowns in the late twentieth century contributed to the flow of consumption back to the core.

For the consumer, the suburban store experience was different from the urban store experience even if they frequented the same department store chain. In 1983, The Creative Research Group Limited conducted a study of Torontonian attitudes and opinions towards shopping at department stores—Hudson's Bay, Eaton's, and Simpson's—in downtown and suburban centres.[54] The study found that suburban stores were favoured since they were smaller,

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[51] Hudson's Bay Company Archives, Archive of Manitoba, Hudson's Bay Company Governor and President Donald S. McGiverin's executive project files, HB2007/234, File 328: Public Relations - Corporate Identity - Morgan's Name Change, 1971-1972, H2-266-4-4.
[52] Hudson's Bay Company Archives, Archive of Manitoba, Hudson's Bay Company market research records, HB2007/208, File 37: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Montreal - Study #83-07, 1983, H2-239-4-5. Hudson's Bay Company has experienced multiple challenges entering and remaining popular in the French market. See Chapter 12 for Hudson's Bay's expansion into the Montreal market.
[53] HBCA, Hudson's Bay Company market research records, File 37: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Montreal - Study #83-07.
[54] Hudson's Bay Company Archives, Archive of Manitoba, Hudson's Bay Company market research records, HB2007/208, File 38: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Toronto - Study #83-10, 1983, H2-239-4-5. The Creative Research Group Limited surveyed eighteen women between the ages of 18 and 54. A similar research study had been completed by the company in

made navigation easier, and kept physical exertion at a minimum.[55] Merchandise prices were perceived to be lower in the suburbs than in the city. Also, a level of comfortability was easier to attain for suburban department stores since the shoppers were more familiar with the surrounding area than with the downtown core. Yet, the study also showed that the idea of the 'downtown department store' was nostalgic for most participants, regardless of age.[56] Again, this harkens to the irresistible grand and wonderous feeling associated with the department store and the desire to recapture the 'world as it used to be' in an ever-changing modern society.

Department store real estate decisions were "almost irreversible once made since" land plots of an adequate size rarely appeared on the market.[57] Being in the city core at the onset of urbanization made it possible for department store leaders to snatch up hundreds of square meters of property. Most stores occupied their chosen lots for decades, only leaving them if their company went bankrupt or a rival store attained their space by purchasing the parent company. As online shopping continues to rise, brick-and-mortar stores have continued to suffer severe financial losses. Closures of satellite stores and the bankruptcy of department store chains have left billions of real estate dollars in a state of limbo.

After store failure, department store real estate is hard to dispose of or repurpose. With retail lots often several city blocks in size, they are not easily scrubbed from the downtown landscapes they once dominated. Additionally, their multi-tiered design does not correlate with

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Montreal and Vancouver. The study also considered women's opinions and attitudes on shopping at specialty stores such as Fairweathers, Suzy Shier, and Creeds, among others.

[55] HBCA, Hudson's Bay Company market research records, File 38: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Toronto - Study #83-10, 1983.

[56] Ibid. The participants reminisced about a time before the construction of the Eaton's Centre shopping mall in Toronto. While the original Eaton's building was considered old and out-of-date, the participants viewed the department store's building and storefront with respect because of their "superb windows" and their "elegance." The new Eaton's Centre had exchanged an old-world feeling for modern convenience, like indoor comforts, increasing crowds and eroding the once great downtown shopping experience.

[57] Hudson's Bay Company Archives, Archive of Manitoba, HBC corporate secretary's subject files, HB2007/184, Simpsons takeover (2), 1978-1979, H2-273-2-3.

big-box or category killer stores today. Therefore, they are not easily converted by these retail entities to suit their needs. Similarly, as shopping malls continue to struggle, anchor stores that close present potential problems for developers who hope to fill the lots with new stores, reconfigure the shape of their malls or redevelop their land. Other landowners and developers hold onto their properties as they hope for a surge in retail foot traffic in malls or brick-and-mortar retail. While landlords wait for their real estate to recover its financial value, they may fail to notice that the value of retail units, in general, is decreasing. The land is simply not as valuable as it once was, and unless landlords are willing to take a loss on the book value of their property, they could miss out on creative and, ultimately, profitable solutions.[58]

Created with their ties to real estate in downtowns and suburbs, the legacy department stores are not easily forgotten or ignored. Helping to build city centres and then construct suburban shopping areas, department store management shaped the retail landscape for over a century. The need to adapt to changing consumer trends pushed department store leaders to think of new ways to manipulate space to draw in shoppers. To a degree, stores' design and scale influenced the appearances of the places where they were located. Now, as many face closure, their properties present new challenges to reshaping the current retail landscape, digitally and physically. As the 'once great markers of modernity,' their demolition or repurposing may be necessary to harness the remaining real estate potential they possess, as digital modernity takes prominence and leaves little but photographic nostalgia in its wake. These harbingers of retail modernity have become victims of a new retail modernity. To fully appreciate their modernity and nostalgia, it is helpful to 'look at' department stores.

[58] Richard Kestenbaum, "This Is What Will Happen To All The Empty Stores You're Seeing," *Forbes*, May 30, 2017, https://www.forbes.com/sites/richardkestenbaum/2017/05/30/this-is-what-will-happen-to-all-the-empty-stores-youre-seeing/#1b250924bb78.

The colonnade, sparkling in polished granite, spanned three hundred and eighty feet in length. Underneath archways stretched between each column, checkerboard terrazzo floors lined the promenade sidewalk and accented the fleet of shopping windows. Illuminated by seventeen bronze and amber glass lanterns, the magnificent displays glistened under the covered walkway, unaffected by rain or snow. People gathered outside, as if waiting to attend the theatre, for their turn to enter the athenaeum of consumption. As the revolving doors spun open, the "Great White Way," a vast expanse of white pillared aisles lined with dazzling showcases and intricate rosewood cabinets, revealed the first possible shopping adventure in Hudson's Bay's Calgary department store.[59] The year was 1932.

Many department store descriptions resemble the Hudson's Bay's, especially during the peak of department store success. Architecture and interior design are among the most memorable department store features, especially in stores constructed during the nineteenth century into the early twentieth century.[60] Eye-catching and towering structures, enhanced with beautiful detailing executed in premium materials, department stores were meant to be lavish and 'fairy-tale-esque' buildings that, if viewed, required the spellbound viewer to be 'woken' and returned to the real, mundane world.[61] These shopping monuments stood as outliers on city streets where many buildings were otherwise common. Office buildings, for example, were often developed by enterprising individuals who wanted the greatest amount of low maintenance rentable space. It was possible, but not universal, to combine economy with elegance. Department store management had a different ethos, one that placed a value on exuberance and elegance. Efficiency was in the mix too, and the combination challenged architects.

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[59] Adapted from "Sight-Seeing Calgary Store," *The Beaver*, no.4 (March 1932): 418-422.
[60] The physical characteristics described in this chapter will pertain to urban department store locations rather than suburban or country department stores unless specified.
[61] Émile Zola, *Au Bonheur des Dames*, trans. and ed. Robin Buss (Penguin Classics, 2006): Chapter 1, Kindle.

The design choices that store leaders made were based on practical principles that worked towards enticement, efficiency, and profitability. Technological innovations in environmental design were crucial to achieving these goals. Department store managers applied innovation at three levels: an architectural level, where advancements in construction changed the way physical space could be manipulated for retail needs; a feature level, including interior and exterior electric advancements such as neon lighting, elevators, and escalators; and a floorplan level, to design store levels and showroom floors that were functional, logical, and kept congestion to a minimum.

By exploring these three innovation levels, the department store's aesthetic appeal can be deconstructed to show that architecture and interior design were as carefully calculated as any other aspect of the department store's years of success. Furthermore, it can help trace the reoccurring design patterns observed in stores internationally. An examination of a Hudson's Bay prototype store can point to the calculations behind store layout and function, for little was left to chance in the search for high sales productivity on showroom floors.

With the need to house a greater variety and quantity of merchandise, the space required by department stores initially produced cramped, one-storey buildings "with little appeal" that were unsuitable for ambitious retailers' selling aspirations.[62] The exotic array of merchandise required surroundings to be as appealing as the goods themselves if store leaders wanted their wares to sell well. This need was absent from everyday retail design until the mid-1800s.

Traditionally, churches and historical monuments were the tallest and most opulent landmarks in cities. The preeminent role of religion in numerous societies and the rather small physical scale of businesses allowed church architectural stature to go unchallenged until the department store and its urban monumentality.[63] Monumentalism helped shift public focus towards

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[62] Clausen, "The Department Store," 22.
[63] Crossick and Jaumain, "The World of the Department Store," 21-22.

these newer buildings and centre them as architectural havens and tourist attractions akin to famous monuments, churches, and hotels.[64] Their grand architecture design "encouraged a perception of [the department store] as a public place" with national and international appeal.[65] In 1880, Paul Sédille, the architect of dazzling French department store Printemps, said that the store "would be carried home as a [mental] souvenir" for those who walked through its doors.[66] Designing and building the mental souvenirs was rather complicated on multiple fronts.

Regardless of the debate surrounding which department store was the 'first' on the scene, the architectural design of Le Bon Marché in Paris began a trend of normalizing a department store's physical features. Originally built as a haberdashery in the early nineteenth century, Aristide Boucicaut's store expanded into a department store by amalgamating a hodgepodge of buildings surrounding his shop.[67] Having removed the interior walls, customers walked through the buildings as if the rooms had never been separate stores. By the 1860s, Boucicaut decided that the store's exterior and interior should be cohesive. He relocated his business to the Left Bank—a historic centre for Paris' artists, intellectuals, and creatives.[68] He hired Gustave Eiffel to help create his vision of a magnificent, multi-storied structure that would be the envy of shopkeepers across the city.[69] Building on such a large scale required many new architectural advancements.

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[64] Fujioka and Stobart, "Global and Local," 264-265. Not all department store leaders aimed for their stores to be monumental in size. The push towards monumentalism depended on the country, financial means, and the store owner's vision of what the department store was 'supposed to be.' Smaller department stores usually retained modest appearances, even in urban settings.
[65] Robert Proctor, "Constructing the Retail Monument: the Parisian Department Store and Its Property, 1855-1914," *Urban History* 33, no. 2 (December 2006): 395.
[66] Proctor, "Constructing the Retail Monument," used 394-395.
[67] Clausen, "The Department Store," 22.
[68] Ibid; Josh Noel, "Left Bank vs. Right: A Tale of Two Cities," *Chicago Tribune,* April 12, 2009, https://www.chicagotribune.com/news/ct-xpm-2009-04-12-0904090490-story.html.
[69] John Gapper, "LVMH has become a luxury department store," *Financial Times*, November 27, 2019, https://www.ft.com/content/c7f37cac-1042-11ea-a7e6-62bf4f9e548a. Gustave Eiffel, renowned for his work on the Eiffel Tower, designed the ironwork for the store.

First and foremost, department stores needed to have engineered support without sacrificing interior square footage. Cast iron, steel, and later, reinforced concrete and glass allowed architects and engineers to eliminate or replace "structural and party walls with rows of slender columns" to provide ample floorspace.[70] These structural methods allowed for fast construction and eliminated cumbersome layouts for department stores that continued to be an amalgamation of buildings.[71] In the 1890s, Les Galeries Lafayette's cement construction was the first of its kind among French department stores and was a feat of architectural and engineering ingenuity.[72] Steel construction was a common trait of American department stores by 1900 because of its superior ability to carry the "weight of interior walls" and the "load from the [upper] floors."[73] At British department store Selfridges, the store's windows and entrances were set in cast iron within the main steel frame. It was a combination that provided extra structural support and allowed for a greater number of display windows.[74] To avoid steel's expense, some department stores were built using a combination of steel and cheaper materials, like timber, on their upper levels. This tactic saved money but was also less fire-safe.[75]

Building regulations and land laws in some jurisdictions could limit the scale and size of department store ventures.[76] French stores, building in the late 1800s and early 1900s, did not encounter many issues with purchasing land, unlike stores across the Channel. French owners could buy land and the existing buildings without worrying about "the need to renegotiate and

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[70] Proctor, "Constructing the Retail Monument," 397-398.
[71] Pasdermadjian, *The Department Store*, 25.
[72] Marrey, *Les grands magasins des origines à 1939*, 157.
[73] Jeanne Catherine Lawrence, "Steel Frame Architecture versus the London Building Regulations: Selfridges, the Ritz, and American Technology," *Construction History* 6 (1990): 23, 33.
[74] Lawrence, "Steel Frame Architecture versus the London Building Regulations," 33.
[75] Joseph Siry, "Louis Sullivan's Building for John D. Van Allen and Son," *Journal of Architectural Historians* 49, no. 1 (March 1990): 73. Upper levels would then be "coated with plaster on cloth and wire lath" as a form of fireproofing.
[76] See Chapter 11 for the department store and government regulation due to retail competition.

repurchase the leasehold at a further date," while English owners often had to deal with more complicated tenure arrangements.[77] However, if the buildings a French owner purchased came with tenants, they could not evict those tenants before their lease was due. Thus, French department store leaders often had to wait before they could build their shopping monuments.[78]

Prior to 1902, extensive building regulations in Paris limited outdoor displays and signage from encroaching on streets.[79] Moreover, the height of buildings was limited on many of the streets of central Paris. An appropriate height was determined by the width of the street, making wide streets advantageous for department store construction.[80] British stores experienced similar regulation under the London Building Act of 1894.[81] A notable restriction in Paris was that store façades needed to be aligned block by block according to building height and depth—to avoid a jagged street side appearance. Amalgamated stores were rarely composed of stores that had identical height, size, or width. Therefore, once a new building was purchased, it needed to be aligned with the pre-existing buildings and all changes needed city approval. In 1891, La Samaritaine "lost over a metre across one" property while aligning its frontage on rue Baillet.[82] Complying with these regulations allowed buildings to keep to code but could hinder the creative ideas that management had for their stores.

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[77] Proctor, "Constructing the Retail Monument," 403. See also Anthony Sutcliffe, *The Autumn of Central Paris: The Defeat of Town Planning, 1850-1970* (Montreal: McGill-Queen's University Press, 1971).
[78] Ibid.
[79] Ibid., 407-408.
[80] Ibid., 408.
[81] Lawrence, "Steel Frame Architecture versus the London Building Regulations," 23; Banister Fletcher, Banister Flight Fletcher, and Herbert Phillips Fletcher, *The London Building Acts, 1894 to 1909* (London: B.T. Batsford Ltd., 1914), vii-viii. The 1894 Building Act discussed regulations about the formation and widening of streets, building frontage, building height, construction, temporary buildings and wooden structures, and the rights of owners, among other legal and management issues. The London Building Acts impeded construction on Selfridges until the store complied with structural stability and fire prevention regulations.
[82] Proctor, "Constructing the Retail Monument," 408.

An intricate building façade was a fundamental component of Boucicaut's vision and a trait that became a staple of department store exteriors worldwide. In fact, patrons came to expect department stores to 'look like' department stores, meaning the stores had inspired a specific type of architectural form with ornate trim.[83] Stone façades were painstakingly designed to be as elaborate as possible.[84] Granite, marble, and limestone were popular finishes.[85] Terra cotta was popular in Central and Western regions of the United States, for they complemented the climate and land features.[86] Less elaborate, brick or Roman brick were inexpensive materials that could nevertheless add interest to an exterior. Paint could produce a contrast between the department store and surrounding buildings. In Vancouver, HBC executives suggested that Hudson's Bay stores should be painted with "bright and warm" colours to contrast the "gray appearance of the city" and its rainy climate.[87] More expensive materials enhanced the monolithic effect of a store's construction.[88] Importantly, the architecture features needed to be cutting edge and apply technological advancements in construction. Therefore, while many stores appeared as if they had been built centuries before, they were only possible due to modern-age engineering.

A focus on Classical architecture helped stores to perpetuate an eternal, advanced, and sophisticated look. Classical architecture was mimicked with "allegorical sculpture, inscriptions

[83] Crossick and Jaumain, "The World of the Department Store," 22. Crossick and Jaumain argued that during the interwar period, a lack of consumer confidence in department stores' architectural style began to correlate to their decline as a store concept.
[84] Marrey, *Les grands magasins des origines à 1939*, 66.
[85] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 157; LeBel, "Une vitrine populaire," 46.
[86] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 157; Siry, "Louis Sullivan's Building for John D. Van Allen and Son," 76. For more on American architectural features, see also Carl Condit, *The Chicago School of Architecture: A History of Commercial and Public Building in the Chicago Area, 1875-1925* (Chicago: University of Chicago Press, 1964).
[87] HBCA, John G.W. McIntyre's real estate and development files, B-2.k Prototype Store, General; Doubman and Whitaker, *The Organization and Operation of Department Stores*, 160. Paint played a significant role in interior design. Store walls were often painted in "neutral tints" like white, ivory, cream, beige, or ecru, to avoid clashing with merchandise or distorting its colour.
[88] Richard Longstreth, "Sears, Roebuck and the Remaking of the Department Store, 1924-42," *Journal of the Society of Architectural Historians* 65, no. 2 (June 2006): 259.

and mosaics" outside and inside stores.[89] Greco-Roman columns were common at store entrances and lined interiors to separate departments.[90] In keeping with Greco-Roman style, Selfridges façade consisted of twelve-metre-high columns, entablatures, cornices, modillions, and metal rosettes for decoration.[91] The inclination towards Classical design signalled management's desire for their department stores to be associated with Classical antiquity—a cultural bedrock for Western society that was readily expressed through architecture.

Interior designs rivalled or surpassed the elegance of exteriors or adhered to the aesthetic the owner intended for the showrooms and leisure spaces. In the early 1900s, Hudson's Bay's original six department stores had an Edwardian Classical-style to emphasise the company's British heritage and its role as a representative of the British Empire throughout Canada.[92] Selfridges had retiring-rooms that featured German, American, and Colonial design touches.[93] East Asian store designs were commonly inspired by Western art and architecture, predominately Greco-Roman or French style. In 1908, Mitsukoshi's Tokyo store mixed architectural styles: its exterior was a Renaissance-style; its "first-floor lounge [was] decorated in" Gothic-style, and its second-floor lounge adopted a Louis XV motif.[94] Chinese stores, Sincere and Wing On, both used a Baroque-style.[95] The owners of the French department store Grands Magasins du Louvre wanted to provide customers with a sense that they were walking through an architectural marvel as beautiful and regal as the Palace of Versailles.[96] No matter the style, the designs needed to be

[89] Proctor, "Constructing the Retail Monument," 395.
[90] Ling-ling Lien, "From the Retailing Revolution to the Consumer Revolution: Department Stores in Modern Shanghai," trans. Kai-chien Yang, *Frontiers of History in China* 4, no. 3 (September 2009): 362.
[91] Michael Beare, "The Construction of the Classical Elevations of Selfridges Store, Oxford Street, London: An Appraisal," *Journal of Architectural Conservation* 16, no. 2 (January 2010): 9-10.
[92] Monteyne, "Constructing Buildings and Histories," 97.
[93] Lawrence, "Steel Frame Architecture versus the London Building Regulations," 40.
[94] Younjung Oh, "Shopping for Art: The New Middle Class' Art Consumption in Modern Japanese Department Stores," *Journal of Design History* 27, no. 4 (November 2014): 358.
[95] Lien, "From the Retailing Revolution to the Consumer Revolution," 362.
[96] Proctor, "Constructing the Retail Monument," 394.

adaptable because taste changed. More than simply a matter of prices, competition among store leaders encouraged frequent store remodelling and expansion projects to let businesses maintain a 'fashionable' status.[97]

Decorative features had to be incorporated in ways that supported store security and primary functions. Department stores were frequently the purveyors of technological innovation, largely due to necessity. Some innovations included advancements in-store heating and cooling, ventilation systems, emergency sprinklers, window size, and store lighting. Lighting technology involved architecturally restructuring conventional spaces and the installation of electric lighting. Exterior sunlight needed to be able to penetrate the inside of the department store to help illuminate goods and create a comfortable and light atmosphere, replacing cramped and dark spaces of other forms of retailing.[98] For instance, American store Wieboldt's used a "great curved column of glass block" with horizontal glass bands the ran "the length of the principal elevations" and spread natural light through the store.[99] Sears, Roebuck and Co., utilized "extensive glazing" on its walls and ceiling to reflect natural light, dubbing the stores as "'daylight' stores."[100] Cupolas or domes were also popular features that conducted light into grand foyers. Stores with more modest features could opt for flat ceilings, uninterrupted by girders or mouldings, to "enhance the free passage of light" on the showroom floor.[101] Access to daylight was crucial to add a sense of "probity" to the stores when customers originally "distrusted artificial light" during its early usage.[102]

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97 Clausen, "The Department Store," 26; Young, "Marketing the Modern," 64. See Chapter 11 for department stores and their competitors.
98 Lien, "From the Retailing Revolution to the Consumer Revolution," 370.
99 Longstreth, "Bringing 'Downtown' to the Neighborhoods," 22.
100 Longstreth, "Sears, Roebuck and the Remaking of the Department Store, 1924-42," 249. 'Daylight store' was a colloquial phrase that was "frequently used in reference to modern industrial plants." The term was commandeered by the company to promote their stores. Stores in the suburbs had better access to light since they stood in the open versus being surrounded by an urban metropolis.
101 Siry, "Louis Sullivan's Building for John D. Van Allen and Son," 73.
102 Proctor, "Constructing the Retail Monument," 398.

TABLE 7. Global Department Store Interior and Exterior Design Features and Innovations, 1850-1950		
Awnings or marquees	Emergency sprinklers	Parcel shoots (for staff)
Balconies	Fences	Pneumatic tubes (for staff)
Basements	Fine art	Restaurants (for guests and staff)
Cast iron details	Fireproofing	Steel or concrete construction
Clerestory	Foyers or atria	Stone façades
Columns or pillars	Gardens	Subway access points
Courtyards	Glass windows	Telephones (for guests and staff)
Detailed lighting fixtures	Grand staircases	Tower features
Display alcoves	Heating and cooling technology	Typewriters (for staff)
Display cases and cabinets	Incinerators	Ventilation technology
Dome or cupola or rotunda	Indoor washrooms	Water features (i.e., fountains or aquariums)
Elaborate finishes (i.e., marble, granite, terrazzo, or limestone)	Mirrors	Wide aisles
	Mosaics	Wood panelling
Electric lighting	Multiple entrances	
Electrical and boiler rooms	Multi-storied buildings	
Elevators and escalators	Neon lighting	
Note: Table 7 compiles the most widespread department store physical features, as an exhaustive examination of the exterior and interior design features of every department store, worldwide, is not feasible.[103]		

By the early twentieth century, incandescent lighting had replaced gaslight and arc lights as the dominant light source for homes and commercial buildings in cities.[104] Department store leaders now had various lighting options when choosing how to illuminate their showcases and showrooms. In 1883, Le Bon Marché and Printemps began using electric lighting extensively.[105] American department stores experienced an increased emphasis on interior lighting from 1911 to 1936.[106] Direct lighting was harsh for merchandise displays, and management believed that it could create an uncomfortable mood on the store floor. Indirect lighting had a softer illumination. When paired with accent spotlights on certain goods, it became more popular than direct. Stores that used electric lighting could expand their operating hours, no longer beholden to the "limitations of daylight" to keep their stores lit.[107] Lighting also illuminated exteriors. By 1930, Wing On was

[103] Department stores built in the latter half of the twentieth-century exhibit more diverse traits depending on locale. See Chapter 7 for an in-depth analysis of modern department stores and their features and services.
[104] See also Ernest Freeberg, *The Age of Edison: Electric Light and the Invention of Modern America* (New York: Penguin Press, 2013) for more on electric lighting.
[105] Marrey, *Les grands magasins des origines à 1939*, 8.
[106] Benson, *Counter Cultures,* 39.
[107] Lien, "From the Retailing Revolution to the Consumer Revolution," 370.

outlining the upper floors of its building in neon light.[108] Seoul-based Hwashin Department Store hung neon news boards—a first for Korea—in 1937.[109] Not only did neon increase a store's visibility at night, it brightened the surrounding street and encouraged people to continue with daytime activities—like shopping—during the evening.

A department store's grand scale meant that hundreds of people could occupy a store at a single time. To manage the influx of people at peak times, stores aimed to distribute the shoppers among the floors to avoid congestion. German department store, Wertheim, had experienced multiple episodes of overcrowding on its staircases. The overcrowding required police intervention to clear the crowds and resulted in a fine for the store.[110] Elevators and escalators helped to solve this and other logistical issues. French store La Ville de Saint-Denis installed the first public use department store elevators in 1869.[111] By the 1880s, many small and large American department stores had introduced safety elevators, a recent technology innovation.[112] With elevators, people who were incapable or uninclined to take the stairs had the opportunity to visit the upper floors. Additional staircases also helped to disperse foot traffic. Stores lacking the finances to purchase these technological solutions used wide staircases or sweeping staircases to handle crowds and add theatricality to their interiors in the process.[113]

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[108] Lien, "From the Retailing Revolution to the Consumer Revolution," 371-372.
[109] Jinseok Oh and Howard Kahm, "Selling Smiles: Emotional Labor and Labor-Management Relations in 1930s Colonial Korean Department Stores," *Journal of Korean Studies* 23, no. 1 (March 2018): 9.
[110] Alexander Eisenschmidt, "Metropolitan Architecture: Karl Scheffler and Alfred Messel's Search for a New Urbanity," *Gray Room* 56 (Summer 2014): 105.
[111] Marrey, *Les grands magasins des origines à 1939*, 8.
[112] Benson, *Counter Cultures*, 19.
[113] Longstreth, "Sears, Roebuck and the Remaking of the Department Store, 1924-42," 249; Fujioka and Stobart, "Global and Local," 264. Le Bon Marché featured a "double revolution staircase" that used its grand design to lure customers to the upper levels and dispel crowds on the ground floor. See also Clayton Funk, "The Gaze Across the Aisle: Architecture, Merchandising, and Social Roles at Marshall Field and Company, 1892 to 1914," *Journal of Social Theory in Art Education* 32 (2012): 145-159.

Elevators allowed store staff to move sale items to different floors with greater efficiency.[114] For the exclusive movement of people, escalators were "more effective and energy-saving than elevators" and could transport thousands of people every hour.[115] When Shanghai-based store, The Sun Company, installed two escalators in its store, they became a local attraction so popular that the company sold tickets to limit crowds.[116] Dupuis Frères installed its elevators in 1882; Mitsukoshi had Japan's first elevators in 1914; between the 1920s and 1930s, Macy's installed 40 wooden escalators in its flagship store at Herald Square; and Kingsway department store in Accra, Ghana installed the first escalators in West Africa around 1957.[117] The technological support for department store shopping, in common with the very spread of department store retailing and its association with grandeur, was a worldwide development.

Architectural choices, interior design decisions, and technological innovations all contributed to department stores' physical appearances. While these three aspects were immediately noticeable to the consumer, the floorplan design was the most significant to store management and staff. In America, by the 1910s, proper store and floor arranging took prominence in store design and set the pace for salespeople to work efficiently.[118] Store levels and showroom floors accentuated design choices, but more importantly, enabled flow from department to department and impressed a logic onto merchandise orientation. Store leaders wanted their buildings "to 'teach' shoppers how to navigate the store's" complex layout.[119] To help, wall

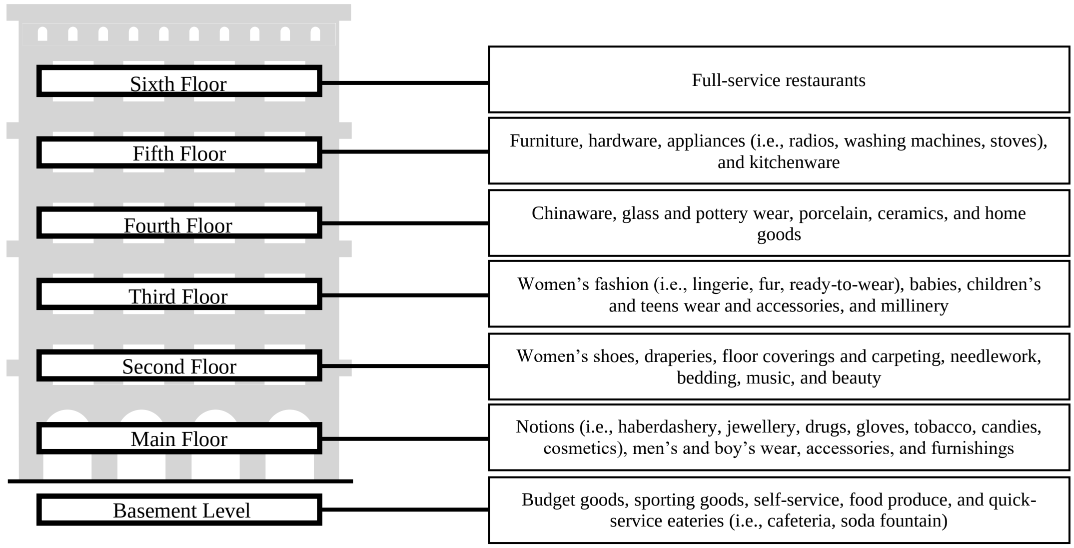
114 Moyer and Snyder, *Trends in Canadian Marketing*, 100.
115 Lien, "From the Retailing Revolution to the Consumer Revolution," 374.
116 Ibid.
117 Comeau, "Les grands magasins de la rue Sainte-Catherine a Montreal," 60; David W. Dunlap, "Latest Miracle on 34th Street: Macy's Keeps Wooden Escalators," *New York Times*, November 25, 2015, https://www.nytimes.com/2015/11/26/nyregion/macys-historic-wooden-escalators-survive-renovation.html; Fujioka and Stobart, "Global and Local," 265; Murillo, "'The Modern Shopping Experience,'" 378.
118 Benson, *Counter Cultures*, 44.
119 Clayton Funk, "The Gaze Across the Aisle: Architecture, Merchandising, and Social Roles at Marshall Field and Company, 1892 to 1914," *Journal of Social Theory in Art Education* 32 (2012): 150.

directories needed to be easy to locate and provide a quick, digestible floor-by-floor breakdown of the goods a store offered.[120] Then, with time, the store's floorplan would become ingrained, second nature, and consumers could traverse the expansive store without feeling overwhelmed. However, the stores needed a logical flow across storeys, as well as through each showroom floor.

Globally, department stores did not have a common number of storeys. A comparison of flagship stores, often the largest in a chain, reveals that the number of floors was varied from company to company. Nor did some stores ever reach the same square footage as their competitors.[121] For instance, in 1933, Japanese department stores ranged from 547,269 square feet (ft^2) to 81,945 ft^2 within Tokyo.[122] Originally, few department stores had the physical space to expand across multiple land plots if they were erected on well-established city blocks. To combat spatial issues, stores expanded vertically—adding new storeys, basements or sub-basements.[123] On average, urban stores were five or six storeys, plus a basement level. While each floor's organization could vary, the locations of a department or merchandise group were similar from company to company and country to country. Figure 4 shows a common department store floor-by-floor layout during the department store's heyday.

[120] Funk, "The Gaze Across the Aisle," 150.
[121] The availability of building space, expectant patron statistics, or a business' financial means could limit store square footage.
[122] Fujioka and Stobart, "Global and Local," 256. The small sample of stores examined were those that were members of the Japanese Department Store Association in 1933. The in-text statistics have been converted from square meters (m^2) to ft^2. In 1933, the Tokyo branches of the following stores were the subsequent sizes: Mitsukoshi was 50,843 m^2; Shirokiya was 33,352 m^2; Matsuya was 22,889 m^2 and Hoteiya was 7,613 m^2.
[123] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 157.

FIGURE 4. Common Department Store Floor-by-Floor Layout



From top to bottom, stores catered to shoppers' appetites and their preference for peace and quiet or a willingness to accept commotion. Department store leaders included dining areas in their showpiece emporiums, aiming to hold shoppers for extended periods or to lure them into the store. Dining required extensive floorspace to accommodate a multitude of food and beverage options. Full-service restaurants or tea rooms were placed on the uppermost floors to force guests to traverse the store before reaching them. Cafeterias, soda fountains, lunch counters, or grocery areas tended to occupy basements or first floors if there was no basement available.[124]

Upper floors tended to feature goods that were designed for 'specialty' shopping trips and housed items like houseware, luggage, furniture and appliances that a person did not buy on a regular basis.[125] These larger items occupied significant floorspace and required "forethought" before purchasing, thus, making customers willing to climb stairs in the absence of elevators or escalators.[126] Budget floors or discount floors became common staples in department stores that

[124] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 99.
[125] Benson, *Counter Cultures*, 44.
[126] Lien, "From the Retailing Revolution to the Consumer Revolution," 368.

wanted to sell offerings of 'lesser' refinement.[127] Contained to basements or lower levels, these floors showcased less-expensive or 'bargain' items to attract customers from various socio-economic backgrounds or those who enjoyed a good deal. Despite their profitability, basement levels were the least aesthetically appealing floors—to match their "lower-priced operation" image—and contained the least attractive selling area for merchandise.[128]

Store merchandise organization often worked via vertical and horizontal associative order. Horizontal associative order meant goods that were similar in nature, such as men's shoes, suits, and coats, would be displayed near one another. Vertical associative order allowed like products to be interconnected across floors. For example, if the men's clothing department was located on the second floor and the women's clothing department was on the first floor, the two departments would be connected via an easily accessible stairway or elevator.[129] Associative organization was also connected to an allocation of square footage.[130]

For Hudson's Bay stores, square footage was divided into four area classifications: selling, stock, service and workroom, and utilities. Selling area consisted of merchandise selling space, areas used by fitting rooms, offices, internal full- and half-aisles, and forward stock adjacent to a department. Stock areas were the reserve areas, inaccessible to the public but crucial. Service and workrooms were unaffixed to a department; however, they still provided services to customers—like a fur vault, coat check, gift-wrapping station, or returns. Areas needed for building maintenance, such as boiler rooms, were categorized under 'utilities,' along with entrances,

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[127] Comeau, "Les grands magasins de la rue Sainte-Catherine a Montreal," 61.
[128] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation, 1966, H2-238-4-5.
[129] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 165.
[130] Associative organization extended to non-selling area spaces. See also Susan Porter Benson, *Counter Cultures: Saleswomen, Managers, and Customers in American Department Stores, 1890-1940* (Chicago: University of Illinois Press, 1986).

doorways or stairways, escalators and elevators.[131] While 'selling area' was made glamorous for the benefit of shopping 'guests,' the behind-the-scenes areas that supported the overall department store experience were spartan and functional. Transitions were abrupt, often a 'staff-only' door and wallpaper turned to paint, polished wooden floors turned to linoleum.

A 1974 Hudson's Bay prototype store shows insight into how store management determined square footage allocation to maximize divisional merchandise areas. Company leaders wanted to achieve the greatest sales and inventory productivity to increase the chances of higher profitability per square foot of selling area. Table 8 outlines a statistical breakdown for a 120,000 ft^2 Hudson's Bay prototype store with 96,000 ft^2 of selling area and the allocation of selling space in relation to divisional sales and productivity per square foot.

TABLE 8. Comparison of Sales, Selling Area and Productivity in Hudson's Bay department store prototype, c.1974

	Sales ($)	Selling Area (ft^2)	Productivity per Square Foot ($)	Merchandise
Natural Division 700	2,425,920	17,710	137.00	Leisure & Travel
Natural Division 600	2,042,880	13,990	146.00	Home Operating
Natural Division 100	1,851,360	12,770	145.00	Women's Wear
Natural Division 200	1,596,000	9,850	162.00	Accessories & Fashion Fabrics (Women)
Natural Division 300	1,570,464	9,515	165.00	Men's Wear & Accessories
Natural Division 500	1,149,120	11,850	97.00	Home Decorating
Natural Division 800	1,149,120	9,660	119.00	Baymart
Natural Division 400	983,136	9,450	104.00	Children's & Teens

Note: Data is organized in descending order from greatest sales revenue to least. Natural Division 500 and Natural Division 800 were subcategorized by greatest selling area.[132]

[131] HBCA, John G.W. McIntyre's real estate and development files, Store Planning; Space Use & Analysis; Allocation of Space; HBCA, John G.W. McIntyre's real estate and development files, B-2.k Prototype Store, General. See also J. Russell Doubman and John R. Whitaker, *The Organization and Operation of Department Stores* (New York: John Wiley & Sons, Inc., 1927). Door entrances needed to be inviting and have high ceilings to avoid a claustrophobic environment. In addition, there had to be a proportioned number of entrances for the expectant number of customers. Washrooms were built to be accessible and numerous, and nursing rooms needed adequate space to provide a home-like atmosphere and increase customer goodwill. Stockrooms that were located near fitting rooms would limit the travel time for employees to fetch items for customers.

[132] HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department; HBCA, John G.W. McIntyre's real estate and development files, B-2.k Prototype Store, General. See Chapter 3 for departmentalization and divisional breakdown in Hudson's Bay department stores.

It is not surprising to see the highest selling area and sales correspond to Natural Division 700 – Leisure & Travel. More so, it remains consistent with department store trends worldwide. This is because 'Leisure & Travel' included small-itemed merchandise, or notions, like candies, drugs, or cosmetics. These were impulse items that drew shoppers' attention and lured them inside.[133] Thus, the main floor was the preferred location for these goods. These items could be purchased with no extensive consideration and required floorspace capable of supporting a higher foot traffic density.[134] Therefore, the type of merchandise in a selling area was important. High-turnover, fashionable items were given preferred locations on showroom floors, while those items less-inclined to spark the public's impulse buying or general interest were laid out further into the store.[135]

Store management further broke down the merchandise divisions into departments, such as 'Books,' 'Stationery,' or 'Candies.' At this level, the independent productivity of each department would be weighed to confirm whether the space it occupied was an adequate size or a larger selling area would benefit it. Most often, departments that accumulated the greatest sales productivity had the largest selling area, similar to the pattern in the division results in Table 8. However, selling area did not need to be large for a department to be productive in terms of square footage.[136] For example, in the Hudson Bay's prototype, the 'Tobacco' department occupied 232 ft^2—the smallest of the division's fourteen departments. With sales of $127,680, the department's

[133] Benson, *Counter Cultures*, 44. Benson argued that men's clothing and furnishes were common near department store entrances because men were too timid to venture further inside the store. This could be connected to the idea that men disliked the department store atmosphere or had a general disdain for shopping. However, depending on cultural background, shopping was not considered a 'female-centric' activity, and men would actively partake in shopping outings. See also Rika Fujioka and Jon Stobart, "Global and Local: Retail Transformation and the Department Store in Britain and Japan, 1900-1940," *Business History Review* 92, no.2 (Summer 2018): 251-280.
[134] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation.
[135] Ibid; Doubman and Whitaker, *The Organization and Operation of Department Stores*, 170.
[136] Benson, *Counter Cultures*, 46.

productivity was the highest at \$550.00/ft^2.[137] Thus, the proper utilization of selling space with popular products could push towards maximizing efficiency for all selling areas, even in less attractive showroom corners that still needed to be filled with merchandise.

For decades, department store management had built stores to be aesthetically pleasing institutions. However, beneath the surface of appearances, the department store's layout played an important role in its smooth operation. Innovations in environmental design on three levels—architectural, feature, and floorplan—allowed customers to experience a visually pleasing setting while taking part in a constructed and calculated shopping experience. Elaborate visual appearance and complex—yet well-calculated—floor layouts were characteristics that became synonymous with department stores and differentiated them from alternative retail forms. Whether leaders manipulated internal or external space, it is the physical elements that often trigger public nostalgia over the department store's decline. In North America, in a time where new department store construction is uncommon, the idea of a shopping experience spanning numerous storeys and occupying thousands of square feet has become less and less prominent except in memory.[138] Store leaders have had to rethink how they can sway shoppers in the digital age. For many, this has manifested into a return to some of their predecessor's management tactics.

[137] HBCA, John G.W. McIntyre's real estate and development files, B-2.k Prototype Store, General.
[138] Depending on the country, department store physical appearance remains as grand and extravagant as nineteenth-century department stores, albeit using modern designs and conveniences.

CHAPTER 6
Making Concessions: Adjustments and Adaptions that Eroded the Department Store Format

In 1898, S. Grumbacher & Son, a millinery turned department store, opened to service customers in York, Pennsylvania.[1] Over the next one hundred and twenty years, the company—later renamed Bon-Ton—grew to preside over six subsidiaries: Bergner's, Boston Store, Carson's, Elder-Beerman, Herberger's, and Younkers. In 2017, Bon-Ton Stores Inc. had not made a profit since 2010.[2] A year later, the company filed for bankruptcy due to pressure from rising debt and low sales.[3] Bon-Ton Stores Inc. was then liquidated.

Bon-Ton's story has become a familiar one, common to other department stores which have faced severe financial difficulties in the post-1970 era of department store history. Bon-Ton Stores Inc.'s 2016 *Annual Report* outlined the intensive competitive pressure facing the department store industry, especially with "the expansion of mobile technology," social media, and online retailers, like Amazon, Alibaba, or eBay, post-millennium.[4] Department store management's response to electronic commerce, or e-commerce, challenges can be a deciding factor in determining a store's survival in the digital age. E-commerce has changed the retail landscape of department stores on a physical and technological level. For many store leaders, adapting to meet these new challenges determined their store's survival. These adaptions required management to reconceptualize if their management techniques continued to influence customers in an adequate manner and, if they no longer did, how they could regain some of that influence. To do so, leaders

[1] "Honouring a Legacy – The Path Ahead," Bon-Ton, accessed May 11, 2020, https://www.bonton.com/our-plan/#.
[2] H. Lee Murphy, "Like Macy's, Carson's Days May Be Numbered: Outlook for Struggling Retailer Looks Bleak as Parent Bon-Ton Loses Money," *Crain's Chicago Business* 40, no. 28 (July 10, 2017): 1.
[3] Lillian Rizzo, "Retailer Bon-Ton Files for Chapter 11 Bankruptcy," MarketWatch, February 4, 2018, accessed May 11, 2020 https://www.marketwatch.com/story/retailer-bon-ton-files-for-chapter-11-bankruptcy-2018-02-04.
[4] The Bon-Ton Stores, Inc., *2016 Annual Report*, April 12, 2017, http://www.annualreports.com/HostedData/AnnualReports/PDF/NASDAQ_BONT_2016.pdf. See Chapter 11 for more on department stores and non-e-commerce competitors.

altered their stores' physical layouts, including limiting departments and services. This allowed them to increase profits that they were losing to e-retailers. However, by reducing these characteristics, leaders eroded the 'originality' of the department store format.

Technologically, management needed to create a digital presence for their stores through websites and social media or by integrating technology with their stores. This allowed them the chance to connect with younger demographics and match the conveniences of online shopping. Yet, e-commerce eliminated the 'experience' element of retailing, in which department stores traditionally excelled.[5] Additionally, consumer pushback against the impersonal feel associated with e-commerce has led to another shift in retail towards greater store and brand personalization. As a response to this shift, many department store leaders have looked to their predecessor's management techniques for clues on how to move forward. One method included introducing new concessionaires to store floors—whereby other companies can rent department store floorspace. In tandem with 'showcasing' strategies, this points to a resurrection of some pre-e-commerce department store characteristics.[6]

When examining e-commerce's effects on the retail environment, three questions arise: 1) would a return to traditional department store traits, in tandem with an e-commerce presence, prevent struggling department stores from closure; 2) what value can be harvested from the department store model for retailers today; and 3) in the long-term, what does e-commerce mean for the future of traditional retailers?

[5] 'Experience' in this context does not encompass 'user experience' or its role in human-computer interaction in terms of website or app functionality, ease of use, and architecture. 'Experience' refers to the physical experience of entering a brick-and-mortar store, partaking in its services, and purchasing its goods.
[6] Depending on the locale, some department stores have maintained an 'experiential' element similar to department store experiences during their retail dominance. North American stores or chain department stores that expanded to suburban areas are less likely to have retained the 'experience' element in their stores.

E-commerce is the selling or buying of goods and services via the Internet. In the late twentieth century, societies across the globe started to undergo 'webization.'[7] As access to computer and Internet technology became more prevalent, geographic distance became less and less of a hindrance to retailers since an enterprising company could establish a virtual store at the fingertips of consumers with an Internet connection. Retailers could reach a customer base on a national and international level. This globalizing aspect has separated e-commerce from previous forms of distance selling by catalogues. Considered in this way, electronic retailing is an expansion of older forms of selling over long distances, not purely a revolution of e-retailing. For instance, rural communities throughout the United Kingdom, Canada, and the United States purchased items via catalogue shopping or mail-order throughout the 1800s to 2000s.[8] Customers could order items ranging from bed linens and tents to baby clothes and farm animals via mailable forms, and a company would fill the orders once it received the paperwork. The goods would then be shipped to pick-up locations within a designated time frame, depending on the items purchased. E-commerce adapted this model by integrating technology as the medium of exchange and altering the existing buyer-seller relationship.[9]

For consumers, e-commerce introduced greater convenience. Goods could be delivered directly to their homes via mail, and online offerings expanded the selection of products that businesses could have previously offered. Every industry is adaptable to e-retailing, and virtually anything from anywhere can be purchased online for a price. More so, the 'Internet of Things,' or the technological interconnectivity of devices and data between humans and computers, has

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[7] Catherine Barba et al., "Le Commerce Électronique: Évolution ou Révolution?" *Entreprises et Histoire* 64 (September 2011): 168.
[8] Barba et al., "Le Commerce Électronique: Évolution ou Révolution?" 168.
[9] Paul George Oprescu, "Influence of New Technologies in E-Commerce," *Economy Informatics* 19, no. 1 (2019): 23.

created an increasingly 'smart' world. This has allowed for increased access to worldwide trends and points of knowledge previously inaccessible to a wide range of people.[10]

In the digital age, consumers are more informed about the selection and quality of products and services available to them. Customers are more fully engaged at the center of the retail exchange.[11] They can compare competitor prices via websites, read online forums and blogs, or interact with brands on social media to determine the best avenue to spend their money.[12] Therefore, merchants needed to adapt their selling techniques to better suit customer-centered retail. The shift amounted to more than the traditional retail understanding that 'the customer is king.' It reorganized the selling aspect of the business-to-consumer (B2C) relationship in several respects.

First, e-retailing meant that sellers no longer had to entice or explain products to customers in person. Instead, the e-commerce platform could act as a salesperson, showroom floor, and cashier service in one. This made businesses more transparent and less personable at the same time. Potentially, businesses were more transparent since customers had greater autonomy to question a store's tactics, product quality, and ethics. They were less personable since technology lacks, and usually cannot adequately mimic, human-to-human interaction, which some people desire.

Second, access to globalized markets allowed companies to cover huge marketing areas and sustain substantial growth in a short period of time.[13] However, expanding a business to encompass more customers has created more customer variation. Preferred trends and distinct

[10] Oprescu, "Influence of New Technologies in E-Commerce," 23. See also Silvia Watts, *The Internet of Things (IoT): Applications, Technology, and Privacy Issues* (New York: Nova Science Publishers, Inc., 2016).
[11] Barba et al., "Le Commerce Électronique: Évolution ou Révolution?" 172.
[12] Ibid., 173.
[13] Few businesses ever attain global success like e-retailer Amazon. Being a dominant player in a business' home country is crucial to aiding in international success.

cultural and societal norms change from country to country—even city to city. Thus, e-commerce cannot guarantee greater profits without adapting to local circumstances.[14] To accommodate international customers, some e-commerce brands and sales platforms have introduced locale-specific payment methods like PayPal, Alipay, or KakaoPay.[15] A few have included niche items in their merchandise stock to target a particular region's core market. Regardless of these efforts, national, legal, or regulatory measures have restricted e-commerce opportunities.[16]

Although e-commerce has not perfectly eroded the local ingredient in retailing, it has contributed to the homogenization of buying behaviour.[17] Cultural differences make traditional retail circuits very different from one another and reflect their populaces' buying habits. In brick-and-mortar retail, an item that one vendor sells in one country may be sold by a completely different vendor in another country. Online retailing has eliminated the differences in location and provided a less original variety of goods since many online retailers can sell the exact same products. Additionally, e-retailing has adhered to a cookie-cutter version of website navigation, consisting of a navigation bar, product listings, or a drop-down menu, regardless of where a store may be located or the country it is servicing.[18] The cookie-cutter appearance has stripped some retailers' brands of individuality since they maintain their logo and colours online but lose the experience factor that makes 'their store feel like their store' when customers visit it.[19]

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[14] See Chapter 13 for more on the department store and internationalization.
[15] "Who We Are," PayPal, accessed May 13, 2020, https://www.paypal.com/ca/webapps/mpp/about; "About," Alipay, accessed May 13, 2020, https://about.alipay.com/; "브랜드 (Brand)," KakaoPay, accessed May 13, 2020, https://www.kakaopay.com/paystory/brand.
[16] Other obstacles may include brand copyright, weak cross-border goods flow, banking regulation, information practices, or societal resistance. See also Catherine Barba et al., "Le Commerce Électronique: Évolution ou Révolution?" *Entreprises et Histoire* 64 (September 2011): 167-182.
[17] Barba et al., "Le Commerce Électronique: Évolution ou Révolution?" 176.
[18] Ibid. For customers, uniform website design results in an easier and familiar user experience.
[19] Randy Scotland, "The Brick-and-Mortar Store Transformed," *Canadian Retailer* 28, no. 3 (2018): 14.

The B2C relationship has become more 'personal,' in that businesses target customers based on their previous purchases. While keeping track of a customer's purchase history is not a new concept for retailers, technology can collect a shopper's personal data and create customer profiles to advertise or showcase a more individualized, virtual 'showroom floor.' Companies can record a person's preferences regarding colours, product type, region, price range, and payment method. The vendor's computer algorithms can provide the average number of items purchased per checkout to gear offerings to that person's tastes during the next visit to the online store.[20] This allows businesses to streamline their "sale-purchase process" by seeing which products sell best digitally.[21] The downside to this algorithmic system is that, in an attempt to create a custom-tailored experience, the human factor in the consumer-vendor connection has been replaced by data collection and artificial intelligence. Thus, while it may appear more 'personal,' e-commerce makes retailing more impersonal than it has ever been.

The department store industry had been struggling to remain competitive prior to e-commerce. Discount competitors had eaten into the department store industry's share of the market by the 1970s and forced department store leaders to revaluate the advantage of a one-stop shopping experience. To increase operational efficiency, department store leaders slashed budgets which contributed to store managers curtailing displays and events that had been a part of department stores' identity, especially in their older downtown locations. Prices remained high while the "selection of merchandise was too narrow" and had a lower quality and bland appearance.[22] This contrasted with the appearance that department stores had been honing for the previous one hundred and twenty years. For the first time, the department store's 'image' was on the decline.

[20] Oprescu, "Influence of New Technologies in E-Commerce," 27.
[21] Ibid.
[22] Homer H. Johnson and Sung Min Kim, "When Strategy Pales: Lessons from the Department Store Industry," *Business Horizons* 53, no. 6 (November 2009): 587.

Throughout the 2000s, e-retailing grew and expanded. Then, as e-retailers gained popularity, this format started to present challenges for traditional retailers. In the department store's case, online vendors could readily sell and ship low-bulk goods and high-value luxury items that these stores traditionally offered and which had brought the stores good returns. Moreover, e-retailers sold these goods at lower prices.[23] The convenience and accessibility of online shopping better matched the lifestyle needs of dual-income, "'time-poor'" households than traditional retailers. Online retailers did not have the same operating costs as traditional retailers.[24] Most department stores conducted business on expensive real estate in urban settings and were susceptible to taxes or high rents if they did not own their property.[25] Meanwhile, the Internet cost significantly less, which enabled online retailers to price their goods lower while still providing customers with "highly targeted [goods and] services."[26] E-commerce's competition decreased the clientele that continued to shop in stores for their goods.[27] Shopping malls—first overcrowded and then, in a few decades, filled with vacant units—became less and less enjoyable compared to the comfort and privacy of one's living room.[28]

In post-1970s North America, department store management continued to cut down on store offerings to remain viable shopping destinations. They continued to trim or even remove unprofitable departments such as toys, hardware, paint, books, or appliances and eliminated

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[23] Joseph Tokosh, "Is the Macy's in My Mall Going to Close? Uncovering the Factors Associated with the Closures of Macy's, Sears, and J.C. Penney Stores," *Growth and Change* 50, no. 1 (March 2019): 418.
[24] Chris Sauer and Suzan Burton, "Is There a Place for Department Stores on the Internet? Lessons from an Abandoned Pilot," *Journal of Information Technology* 14 (1999): 388.
[25] Danlei Zhang, Pengyu Zhu, and Yanmei Ye, "The Effects of E-Commerce on the Demand for Commercial Real Estate," *Cities* 51 (January 2016): 107.
[26] Zhang, Zhu, and Ye, "The Effects of E-Commerce on the Demand for Commercial Real Estate," 107.
[27] Large purchases or special purchases like beds or furniture are more likely to be bought in-store because the nature of the goods requires physical testing, or they are simply too large or incapable of being tested at home and then returned.
[28] Tokosh, "Is the Macy's in My Mall Going to Close?" 416.

service features. The unintended result was poorer customer service.[29] Various online retailers continued to sell items from these departments. Department store leaders adjusted their floor organization to mirror what management determined were growing trends. They set out to attract a younger generation of customers. Women's clothes, accessories, beauty, and perfume took prominence in department store layouts—at times, functioning as the only departments. By doing so, department store management sacrificed a core element of their stores' design and a portion of their clientele. Department stores could not be differentiated from specialty stores—although specialty stores kept a popular and fashionable image—and alienated older customers who were no longer a part of the stores' target markets.[30]

In retrospect, department store management's responses turned into a business death spiral. Many department store chains or holding companies began to close smaller local stores, mall anchor stores, regional chains, and finally, national companies faced liquidation.[31] In tandem with other small-scale shop closures, these closures changed the physical shopping environment, leading to "higher vacancy rates" and plummeting property values.[32] Online consumption patterns eliminated the need for a lot of brick-and-mortar stores and altered the appearance of urban shopping areas that, at one time, had served as tourist attractions.[33] The "oversupply of retail space" depressed urban core commercial real estate values generally.[34] Aesthetically, in some cities, the

[29] Johnson and Kim, "When Strategy Pales," 587.
[30] Silcoff, "Life After Eaton's," 5; Tokosh, "Is the Macy's in My Mall Going to Close?" 418.
[31] Johnson and Kim, "When Strategy Pales," 588.
[32] Zhang, Zhu, and Ye, "The Effects of E-Commerce on the Demand for Commercial Real Estate," 106.
[33] See Chapter 5 for more on the department store's impact on real estate and physical space manipulation.
[34] Zhang, Zhu, and Ye, "The Effects of E-Commerce on the Demand for Commercial Real Estate," 106, 113. For countries that are still integrating e-commerce, it is likely that their commercial real estate markets will be influenced in a similar manner. In 2010, Chinese department stores began to decline as the demand for department store space decreased, following a rapid expansion of e-commerce throughout China.

abandonment created the appearance of run-down areas that drove potential customers away from surrounding businesses, such as restaurants.[35]

Department stores that survived this retail cull still struggled to bring in customers, particularly from the millennial generation. By the mid-2010s, the millennials, born between 1982 and 2000, had started to 'come of age' and began to take an active role in shaping global spending.[36] Part of the difficulties in attracting this generation was that millennials did not have a strong attachment to the department store format. Growing up during a time of department store 'blandness,' they did not consider the stores as fashionable places to shop or places that would sell things that they would want to buy.

Some analysts have argued that millennials' shopping decisions were influenced by "inclusion and diversity practices—with regards to age, gender, [race,] ethnicity and disability." If these new consumers did not perceive a brand as prioritizing these factors, they shopped at a competitor who did.[37] More importantly, millennials formed the 'We Generation'—looking for experiences to share with friends and post about on social media.[38] This has been reflected in buying patterns where 'experience gifts,' like concert tickets, spa treatments, and dining out, or online gifts, like Netflix or Spotify streaming subscriptions, have been more popular than tangible gifts.[39] Experience gifts presented the surviving department stores with a renewed opportunity to chase.

[35] In Canada and the United States, the depression of the urban core started as early as the 1970s.
[36] Marilyn Much, "Sharing Millennials Don't Care for Malls," *Investors Business Daily,* October 5, 2015. The years bookending the Millennial generation are inconsistent.
[37] Accenture, "Millennials Likely to Be the Biggest Spenders This Holiday Season, Accenture Survey Reveals," *Business Wire,* October 1, 2018, https://www.businesswire.com/news/home/20180930005037/en/.
[38] Much, "Sharing Millennials Don't Care for Malls;" "Customer Service Over the Years," *Canadian Retailer* 23, no. 2 (Spring 2013): 13.
[39] Much, "Sharing Millennials Don't Care for Malls;" Accenture, "Millennials Likely to Be the Biggest Spenders This Holiday Season, Accenture Survey Reveals."

To reach the millennial demographic, department store leaders attempted to resurrect their image as an ‘experience’ destination in very recent years. The difficulties lay with the millennial preconception that department stores were ‘unfashionable’ and ‘bland.’ A few stores endeavoured to resurrect the luxurious ambiance they once embodied. Therefore, quite recently, department store leaders have been reintroducing concessionaires to department store layouts via ‘showcasing’ and ‘store artification’ in store interiors. These features are intended to add touches of new millennium opulence to department stores.

A word of explanation about concessions is in order. They are agreements where a retailer rents out a section of floorspace to a manufacturer, brand-owner, or business, who then sells particular products or services in that space.[40] The agreements often specify that the party agrees not to sell its products in other outlets around the store. Globally, department stores have used the concessionaire model as early as the 1880s.[41] American department stores started to use a shops-within-shops layout by the 1930s.[42] If a concession was branded, it shared its appearance with its sister concessions in other stores. If it was not branded, it could have a unique appearance that suited its merchandise. Throughout the early to mid-1900s, concessions were successful because they provided retailers with a method of expanding their merchandise lines without committing

[40] Kinshuk Jerath and Z. John Zhang, “Store Within a Store,” *Journal of Marketing Research* 47, no. 4 (August 2010): 748. ‘Shops-within-shops,’ ‘stores-within-stores,’ ‘leased departments,’ ‘licensed departments,’ ‘vendor shops’ or ‘boutiques’ are interchangeable terms for ‘concessionaires.’ Brands that only conduct demonstrations or set up ‘demonstrators’ of their products in department stores are not considered concessionaires because they take up space in existing departments versus occupying a distinct rented zone. See also Steve Worthington, “Concessionaires – A Strategic Option for Retailers,” *European Journal of Marketing* 22, no. 3 (March 1988): 14-20.

[41] Barry J. Davies and Peter Jones, “International Activity of Japanese Department Stores*,” Service Industries Journal* 13, no. 1 (January 1993): 130. Mitsukoshi had a dedicated western apparel store called ‘Yofukuten’ by 1888.

[42] Steve Worthington, “Shops Within Shops: The Concessionaire’s Point of View,” *Retail & Distribution Management* 13, no. 5 (November/December 1984): 15.

capital to stock the items or hire and train sales personnel—this was the concession's responsibility.[43]

Most shops-within-shops were brands that had a national, later international allure. They had the capability to sign leases on a yearly basis and appear to have occupied around 1,000 ft^2 of floorspace. Smaller retailers, who had a local reputation, were offered short-term leases on a weekly to monthly basis and occupied about 100 ft^2 of selling area—a tenth of the size of a proprietary level shop lease.[44] Department store leaders could eliminate excess square footage by bringing in these smaller vendors. However, department stores experienced a lot of variation in the number of concessionaires they had. Some department store leaders never rented out their stores' floorspace, others rented less than 10 percent, while others rented significantly more, especially if the concessions brought in significant income.[45] In the 1930s, concession offerings used to be limited to fashion, china, and glassware. After WWII, the variety had expanded to include: candies, notions, toys, blankets, stationery, foodstuffs, clothing, and radios, amongst others.[46] By the 1980s, concessionaire selection had drastically expanded to include offerings from the service sector, like opticians, watch or jewellery repair, photography studios, or travel agents.[47]

All stores-within-stores retained creative control over the aesthetic of their floorspace to maintain their brand continuity. Therefore, concessionaires did not adhere to the department

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[43] Worthington, "Shops Within Shops," 15. Small vendors benefitted from this arrangement since they did not need to worry about drawing in customers. Popular department stores could draw the crowds with the appeal of their name alone. Thus, vendors could devote their investment to accumulating popular merchandise stock.
[44] Ibid., 14.
[45] William R. Davidson, Alton F. Doody, and James R. Lowry, "Leased Departments as a Major Force in the Growth of Discount Store Retailing," *Journal of Marketing* 34, no. 1 (January 1970): 39; Worthington, "Shops Within Shops," 15; "Opportunities!…In Concessionized Department Stores," *Forbes* 57, no. 11 (June 1, 1946): 24. Agreements between retailers and concessionaires varied from store to store and between concessionaires. Some retailers offered a commission-only style where the vendor owed the retailer "an agreed percentage of sales" after-tax, while other vendors had agreements with a fixed charge based on the amount of square footage they occupied.
[46] Steve Worthington, "Concessionaires – A Strategic Option for Retailers," *European Journal of Marketing* 22, no. 3 (March 1988): 19; "Opportunities!…In Concessionized Department Stores," 24.
[47] Worthington, "Concessionaires," 19; Davidson, Doody, and Lowry, "Leased Departments as a Major Force in the Growth of Discount Store Retailing," 39.

store's design regarding atmosphere, colour, fixtures, and displays. Some large boutiques even had their own entrances.[48] Combined, these factors helped to distinguish a concession's zone within the department store's footprint.

By the mid-1970s, Hudson's Bay had amassed over thirty-two leased departments.[49] The company had concessions in numerous merchandise categories and managed them in a separate division called 'Leased Departments.'[50] In 1975, concessions included national brands like Dr. Scholl's, Laura Secord, and Yamaha.[51] Most Hudson's Bay concessions focused on specialized services versus exclusive lines of merchandise. However, by 1977, the company started to reduce the number of concessions, eliminating: 'Specialty Portraits,' 'Furniture Restoring,' 'Wine & Cheese Shop,' 'Education Centre,' 'Garden Services,' and 'Fine Gold & Silver Shop,' to name a few.[52]

TABLE 9. Leased Departments in Hudson's Bay department stores, 1975

Gourmet Food	Portrait Studio	Key Centre
Stamps & Coins	Watch Repairs	Health Foods
Specialty Portraits	Prescriptions	Dry Cleaning
Flower Market	Wetherall Shop	Rental Centre (Cars, Trucks, Equipment)
Dr. Scholl's	Laura Secord	
Makeup Centre	Furniture Restoring	Small Appliance Repairs (Leased)
Shoe Repairs	Wine & Cheese Shop	Fine Gold & Silver Shop
Beauty Salon	Pastry Shop	Yamaha Music Centre
Wigs	Barber Shop	Men's Formal Rentals
Optical	Education Centre	Millinery
Hearing Aids	Garden Services	Shoes In Home Cleaning

Note: Leased departments are listed in numerical department order. From 1975-1978, numerous departments were deleted or expanded, thus, this list has been adapted to include the most consistent leased departments.[53]

Hudson's Bay maintained two different relationship structures with these tenants. The first relationship can be called the 'Hands-on' model. Floorspace was rented to a second party that

[48] Sonia Ashmore, "Extinction and Evolution: Department Stores in London's West End, 1945-1982," *London Journal* 31, no. 1 (July 2006): 51.
[49] HBCA, John G.W. McIntyre's real estate and development files, Store Size and Area Analysis.
[50] Ibid. See Chapter 3 for more on Hudson's Bay department store divisions and departments.
[51] Ibid; HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department.
[52] HBCA, John G.W. McIntyre's real estate and development files, Store Size and Area Analysis.
[53] Ibid; HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department.

directly supported a department store activity by providing a customer service. 'Travel Agency' or 'Income Tax Service' departments held these types of leases.[54] For example, Hudson's Bay sold luggage and other travel and leisure goods that an in-house travel agency service would complement. Management exercised "a significant degree of control" over these leases since they contributed to the 'everything-sold-under-one-roof' concept.[55] These leases were supposed to bring in foot traffic and interest to the store. The contractual period was short-term.[56]

The second relationship can be called the 'Hands-off' model. Second party vendors rented space that did not need to support the department store's activities directly. Furthermore, these spaces were not controlled by the department store's management in a significant way or, if they were involved, they had little operational control.[57] Vendors who entered into these lease arrangements tended to occupy entire floors or major areas of floorspace to be "physically separated from the [department] store."[58] Leased 'Food Markets' fell under this category. These leases were conducted on a long-term basis.[59] It was common for the upper floors of department stores to be rented out, as they could provide for greater income on a steady basis if these spaces were no longer needed for the department store's own retail purposes.

As a standard feature of the vender-retailer relationship, leased departments were not fully integrated into the fabric of Hudson's Bay's operating systems; however, they were still classified as a section of Hudson's Bay's selling area.[60] A Hudson's Bay system of inventory management implemented gradually from 1979 to 1981, called Bay Automated Stock Inventory Control System

[54] HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department.
[55] Ibid.
[56] Ibid.
[57] Ibid.
[58] Ibid.
[59] Ibid.
[60] Ibid. The exception to this designation was if a leased department's sales figures were not included in Hudson's Bay's general in-store figures. In that case, the leased department was considered 'rented' space versus 'selling space.'

(BASICS), did not extend to leased departments.[61] BASICS marked merchandise with a stock-keeping unit number that could be scanned to maintain accurate inventory records, capture sales and returns, aid in automatic reorders, report on sales profitability, and forecast order quantities.[62] This exclusion created further differentiation between leased departments and other departments offered in the stores. Moreover, this created challenges for Hudson's Bay's operating and record keeping since there was variation between which departments were leased and which were not, depending on each Hudson's Bay region.[63] There were often discrepancies in identifying which departments were company controlled and operated and which ones were not.[64] This caused cross store confusion. Thus, while most department stores appeared orderly, behind the scenes it was complicated, and the HBC's heritage made it much more complicated.

The connection between the established leasing system and the response to e-commerce can be found in 'showcasing.' This has emerged as the modern label for the concessionaire approach and has acquired greater momentum with department store leaders in the 2000s to 2010s. The former system of concessions was more passive. The more recent version involves a greater push for each vendor's creative expression; they must make the department store look and feel exciting, fresh, and vibrant—like a "retail theme park."[65] The original concessionaire model was less about emphasising the vendors' uniqueness and their contribution to store sparkle and more about emphasising the store's ability to offer a vast array of products and services and letting the store's grandeur stand out. 'Showcasing' puts the focus back onto the idea of the department store as a destination experience, but with a difference. 'Showcasing' is popular for its ability, if done

[61] HBCA, John G.W. McIntyre's real estate and development files, B-2.k.i Prototype Department.
[62] Ibid.
[63] Ibid.
[64] Ibid. This is part of a larger mismanagement trend that is common amongst Hudson's Bay department store activities and Hudson's Bay Company endeavours.
[65] "Special Report: Reinventing the Store – The Future of Retailing," *The Economist* 369, no. 8351 (November 22, 2003): 68.

successfully, to reinvigorate consumer interest in a store and increase foot traffic. It also provides international vendors with the chance to test new markets while lowering the risk of opening an independent outlet.[66] It has become a successful model for department store leaders in the United Kingdom, France, Japan, and Hong Kong, especially with the introduction of luxury shops-within-shops—like Chanel, Armani, or Gucci—to their showroom floors.[67]

On their own, new concession offerings do not have the power to reinvigorate a department store's reputation or alluring image. Consumer interest needs to be carefully crafted by making the correct vendor-retailer relationships. For vendors, department store leases can provide "greater brand equity" if the department store image adequately matches their brand and vice versa.[68] If there is a sense of mix-matched identities between the vendor and retailer, one or either party may be negatively affected. Consider the hypothetical example of store Saks Fifth Avenue and fast-food restaurant McDonald's. Saks Fifth Avenue has long been regarded as a 'classy' store. The presence of a McDonald's in a Saks Fifth Avenue would create a sense of brand incongruity since customers would not expect to see a burger chain in a luxury department store.[69] To try and reconcile this discrepancy, customers would lower their image perception of Saks Fifth Avenue.[70]

[66] Bill Webb, "A Classification Approach to Flagship Stores," in *Flagship Marketing: Concepts and Places*, ed. Tony Kent and Reva Brown (Routledge: London, 2009), 25.
[67] "Special Report: Reinventing the Store," 68; Johnson and Kim, "When Strategy Pales," 589; Tracie Rozhon, "Looking to Recapture Glory, Department Store Revamp," *The New York Times*, September 29, 2003, https://www.nytimes.com/2003/09/29/business/looking-to-recapture-glory-department-stores-revamp.html; Michael Baker, "Department Store Concessions – The Rot Stops Here," Inside Retail Australia, April 23, 2018, https://insideretail.com.au/news/department-store-concessions-the-rot-stops-here-201804. The showcasing approach has experienced slower integration in North American stores. Famous luxury brands can makeup eighty percent of a department store's merchandise.
[68] Maeve Hosea, "Space Oddity," *In-Store* (April 2005): 21.
[69] Abhijit Banerjee and Tanya Drollinger, "Store within a Store: Matched versus Mismatched Image Perceptions," *Journal of Retailing & Consumer Services* 36 (May 2017): 54. A 'low public image' does not mean that the company is viewed negatively by the public. It refers to the expensiveness or 'high-class feel' associated with a store or brand. Banerjee and Drollinger argued that congruity theory motivates people to change their perception of brands, persons, or items that are incongruous to restore natural psychological harmony. A lack of congruity creates tension that can alienate the observer from a brand, person, or item.
[70] Brand to brand image can be summarized as follows: 1) if a high image store associates with a high image store, the perception of both brands will be positive; 2) if a high image store associates with a low image store, the perception of the high image brand will decrease; 3) a small store with a high image will not enhance the perception

Luxury fashion and beauty brands are among the most common department store concessionaires that managers use in ‘showcasing’ today. Selfridges’ Louis Vuitton ‘Townhouse’ concessionaire is three-storeys that features a “double helix-like structure” spiraling throughout its levels to connect “different Louis Vuitton universes” and elevate the theatrical elements of the boutique.[71] Russian department store GUM resembles a mall of high-end designer concessions, similar to Korean department store Shinsegae and Chinese store SKP.[72]

Hudson’s Bay executives have targeted fast-fashion retailers for concessionaires, like British retailer Topshop.[73] The first Topshop and Topman opened in 2011 at Hudson’s Bay’s Yorkdale Shopping Centre location in Toronto. Introducing an exclusive partnership with the brand, Hudson’s Bay is the only store offering Topshop or Topman products in Canada.[74] It provided Topshop with the opportunity to bring its shopping experience to customers without the risk associated with opening a stand-alone store. The deal was also an attempt for Hudson’s Bay

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of a larger store with a low image, and 4) a small store has less effect on the high or low status of the larger store than the larger store has on the small store’s high or low status. If a McDonald’s was placed in a Walmart, then the brands would be congruous. McDonald’s was Walmart’s “primary fast-food concessionaire” until the mid-2000s when it was replaced by Subway in American Walmart locations. McDonald’s retains a presence in some Walmart Canada stores as of May 2020. See also Abhijit Banerjee and Tanya Drollinger, “Store within a Store: Matched versus Mismatched Image Perceptions,” *Journal of Retailing & Consumer Services* 36 (May 2017): 53-61 and James Covert and Richard Gibson, “Wal-Mart Embraces Subway Over McDonald’s in Its Stores,” *The Wall Street Journal*, September 13, 2007, https://www.wsj.com/articles/SB118970298406826519.

[71] Vikram Alexei Kansara, “Louis Vuitton’s Selfridges Townhouse Performs Delicate Balancing Act,” *Business of Fashion*, November 7, 2013, https://www.businessoffashion.com/articles/retail-recon/louis-vuitton-selfridges-townhouse-performs-delicate-balancing-act.

[72] “All Stores,” GUM, accessed May 21, 2020, https://gumrussia.com/shops/; “Centum City,” Shinsegae, accessed May 21, 2020, http://en.shinsegae.cn/store/introduce.do?storeSeq=3; “SKP Beijing,” Sybarite, accessed May 21, 2020, https://sybarite.com/en/projects/skp-beijing/; “The Founding of SKP,” SKP Beijing, accessed May 21, 2020, http://www.skp-beijing.com/vision?c=beijing.

[73] Hudson’s Bay Company, “The Hudson’s Bay Company Secures Exclusive Canadian Franchise Rights for UK’s Topshop and Topman,” Hudson’s Bay Company press release, March 9, 2011, https://www3.hbc.com/press-release-container/the-hudsons-bay-company-secures-exclusive-canadian-franchise-rights-for-uks-topshop-and-topman/.

[74] J.C. Penney had an exclusive relationship with beauty-retailer, Sephora, and Marshall Field’s—at its State Street location alone—had over thirty different brand concessions that were “found nowhere else in the Midwest, or in a few cases, in the [entire] United States.” See also Tracie Rozhon, “Looking to Recapture Glory, Department Store Revamp,” *The New York Times*, September 29, 2003, https://www.nytimes.com/2003/09/29/business/looking-to-recapture-glory-department-stores-revamp.html; Hannah Miller, “JC Penney Goes to Court to Try to Stop Sephora from Pulling Out of the Troubled Chain’s Stores,” *CNBC*, May 4, 2020, https://www.cnbc.com/2020/05/04/jc-penney-tries-to-stop-sephora-from-pulling-out-of-jcp-stores.html.

to revitalize its brand image and reposition its merchandise as 'fresh' and appealing to a younger clientele.[75] In 2013, Hudson's Bay formed another exclusive relationship with the famous New York bridal boutique, Kleinfeld's. Kleinfeld's served as a complementary concession to Hudson's Bay's gift registry services by offering a "full-service bridal destination" for Canadian customers.[76] By introducing these brands to the Canadian marketplace, Hudson's Bay executives tried to regain retail competitiveness and relevancy.

Restaurant concessionaires are becoming more popular in department store layouts as well.[77] Department stores around the world have a long history with dine-in eateries.[78] Not only do dining areas serve a function—feeding large numbers of customers and employees—they may provide another avenue of escape from the humdrum, overly familiar world of fast-food dining. Through department store food halls or restaurants, management can provide high quality and diverse dining options. In addition, a successful restaurant or food concept is capable of drawing a wide range of new customers into department stores.[79] German department store Alsterhaus has a food hall with private dining lounges, a champagne boutique, and Japanese restaurant Yoshi; an ice cream parlour and tea salon are amongst the offerings at British store Fortnum & Mason; Hawaiian-Asian fusion food, a pizzeria, and cocktail bar are at El Cortes Inglés in Portugal; and Italian store La Rinascente has De Santis sandwich lounge and Obicà Mozzarella Bar.[80]

[75] Hudson's Bay Company, "The Hudson's Bay Company Secures Exclusive Canadian Franchise Rights for UK's Topshop and Topman."
[76] Hudson's Bay Company, "Hudson's Bay Says "Yes" to Kleinfeld," Hudson's Bay Company press release, March 26, 2013, https://www3.hbc.com/press-release-container/hudsons-bay-says-yes-to-kleinfeld/.
[77] In North American department stores, eateries or restaurants fell out of prominence during department store chain suburbanization. Dine-in food offerings were usually only retained in urban flagship stores.
[78] See Chapter 7 for more on department stores and services.
[79] Beth Landman, "The Best Department Store Restaurants for Dining While Shopping," *New York Post*, November 1, 2019, https://nypost.com/2019/11/01/the-best-department-store-restaurants-for-dining-while-shopping/.
[80] "Bars & Restaurants," Alsterhaus, accessed May 22, 2020, https://www.alsterhaus.de/food-restaurants/; "Our Restaurants," Fortnum & Mason, accessed May 22, 2020, https://www.fortnumandmason.com/restaurants; "Gourmet Experience," El Cortes Inglés, accessed May 22, 2020, https://www.elcorteingles.es/aptc/gourmet-experience/; "Food Hall," Rinascente, accessed May 22, 2020, https://www.rinascente.it/it/food-hall. This is a select list of offerings curated from these department stores.

The HBC has also participated in reviving their department stores' dining options. Their 2011 partnership with Canadian hospitality company Oliver & Bonacini Restaurants and foodservice company Compass Group Canada concentrated on converting and rebranding twenty-four parent company restaurants, including those in its Saks Fifth Avenue subsidiary and Hudson's Bay locations.[81] HBC leaders anticipated these restaurants could be a "new destination point for die-hard foodies while offering even more quality and convenience to casual diners and shoppers."[82] As of 2020, the collaboration is ongoing and has expanded its 'experiential' agenda to include event spaces, such as Calgary's 'Hudson' and Toronto's 'Arcadian' event venues.[83]

Retailers can create positive store experiences by concocting "pleasant, meaningful, and memorable" store events or attractions.[84] Happy memories are more likely to influence a customer's urge for repeat visits and "foster customer loyalty and attachment to" a particular store or brand.[85] Interior décor is crucial to crafting showroom floors that are exciting's experiences but also may encourage an in-store or online purchase. Thus, there is a greater emphasis on the

[81] Hudson's Bay Company, "The Bay Changes the Face of Retail and Foodservice in Canada Through an Exciting Partnership with Compass Group Canada and Oliver & Bonacini Restaurants," Hudson's Bay Company press release, February 2, 2011, https://www3.hbc.com/press-release-container/the-bay-changes-the-face-of-retail-and-foodservice-in-canada-through-an-exciting-partnership-with-compass-group-canada-and-oliver-bonacini-restaurants/.

[82] Hudson's Bay Company, "The Bay Changes the Face of Retail and Foodservice in Canada Through an Exciting Partnership with Compass Group Canada and Oliver & Bonacini Restaurants." In 2014, Hudson's Bay Company entered into an agreement with Pusateri's Fine Foods to create a series of food halls in Canadian Saks Fifth Avenue stores. These halls have "several sophisticated offerings" and "incomparable products" that are "showcased within a fresh and modern appearance." As of 2020, the partnership is ongoing. See also Hudson's Bay Company, "Saks Fifth Avenue and Pusateri's Fine Foods Partner for In-Store Food Halls in Canada," Hudson's Bay Company press release, October 23, 2014, https://www3.hbc.com/press-release-container/saks-fifth-avenue-and-pusateris-fine-foods-partner-for-in-store-food-halls-in-canada/.

[83] "Hudson," Oliver & Bonacini Hospitality, accessed May 22, 2020, https://www.oliverbonacini.com/event-venues/hudson/; The Canadian Press, "Hudson's Bay Co. Enlists Oliver & Bonacini Restaurants for Flagship Calgary Store," *CTV News*, September 19, 2013, https://www.ctvnews.ca/business/hudson-s-bay-co-enlists-oliver-bonacini-restaurants-for-flagship-calgary-store-1.1461481; "Arcadian," Oliver & Bonacini Hospitality, accessed May 22, 2020, https://www.oliverbonacini.com/event-venues/arcadian/; "The Arcadian Court," Hudson's Bay Company History Foundation, accessed May 22, 2020, http://www.hbcheritage.ca/places/places-other-institutions/the-arcadian-court.

[84] Michaël Flacandji and Nina Krey, "Remembering Shopping Experiences: The Shopping Experience Memory Scale," *Journal of Business Research* 107 (February 2020): 279.

[85] Flacandji and Krey, "Remembering Shopping Experiences," 279.

lighting, colour, aroma, texture, music, brand design, and other atmospheric qualities in showcasing.[86] These elements are made more meaningful when working in tandem with store beautification practices. The process accords well with what American author and ethnologist Ellen Dissanayake has called "artification." She describes it as intentionally "making ordinary reality extraordinary."[87] She has noted that social media has increased the "aesthetisation of everyday life" and eliminated the boundary between fantasy life and reality. This has placed pressure on businesses to supply artistic and emotive venues worth a consumer's time.[88] In a retail context, artification is the deepening of the connection between consumers and brands by "linking a brand's name to the world of art."[89] At times, this means erecting art galleries or museums in or adjacent to retail stores—such as 'La Galerie Des Galeries' in French department store Galeries Lafayette, or the World of Coca-Cola museum for The Coca-Cola Company—or sponsoring live performances, like a staged Broadway musical during the opening of Burberry's flagship Shanghai store in 2014.[90] In other instances, it is the use of museum- or gallery-inspired features—like focused lighting, plinths for product display, or displays of sale items beside non-purchasable artwork—to help transform showroom floors into artwork themselves.[91] The problem with this

[86] Rini Handayani, "The Effect of Store Atmosphere and Merchandise on Customer Experiences: Survey of Department Store Customers in Bandung City, Indonesia," *Global Business & Management Research* 11, no. 1 (2019): 286.
[87] Ellen Dissanayake, "A Bona Fide Ethological View of Art: The Artification Hypothesis," in *Art as Behaviour: An Ethological Approach to Visual and Verbal Art, Music and Architecture*, ed. W. Schiefenhōvel, C. Sütterlin, and G. Apfelauer (Oldenburg: Hanse Studies, BIS-Verlag, 2014), 55.
[88] Ana Vukadin, Jean-François Lemoine, and Olivier Badot, "Opportunities and Risks of Combining Shopping Experience and Artistic Elements in the Same Store: A Contribution to the Magical Functions of the Point of Sale," *Journal of Marketing Management* 32, no. 9-10 (August 2016): 946.
[89] Ana Vukadin, Jean-François Lemoine, and Olivier Badot, "Store Artification and Retail Performance," *Journal of Marketing Management* 35, no. 7-8 (2019): 635; Tony Kent, "Concepts of Flagships," in *Flagship Marketing: Concepts and Places,* ed. Tony Kent and Reva Brown (Routledge: London, 2009), 18. Department stores had always been 'stores that tell stories' by letting customers establish in-store memories via "location, reputation and prestige" without necessarily focusing on intentional 'branding.'
[90] Vukadin, Lemoine, and Badot, "Opportunities and Risks of Combining Shopping Experience and Artistic Elements in the Same Store," 945.
[91] Ibid., 949, 952.

approach is that if customers feel that the shopping experience and artistic elements have made the store too much like a museum or exhibit, they certainly may visit but not purchase the retailer's goods.[92]

Hudson's Bay has not extensively advertised nor participated in building many immersive, 'artified' spaces. A notable and noteworthy exception is the erection of the Fume Scent Lounge in Hudson's Bay's Yorkdale location. In autumn 2017, American beauty and fragrance company Coty opened its 660 ft^2 experimental retail concept with the intention of revolutionizing the customer perfume experience, specifically for millennial customers.[93] Millennials currently play a small role in perfume sales since they allegedly dislike the outdated and impersonal feel of traditional fragrance counters.[94] Coty wanted to introduce an experience that would exude an air of "genuineness and approachability" in tandem with individualization.[95]

The Fume Scent Lounge was a multi-sensory experience that used "custom digital scent" technology to enhance customers' understandings of fragrant ingredients, scents, price, and available selection.[96] It encouraged a personality-based product selection process through an interactive quiz meant to emphasise personalization. Architecturally, the central scent bar was covered by a canopy, designed to mimic a perfume spritz, and surrounded by minimalistic product towers and thin, rectangular LED screens.[97] The monochromatic design and modern feel were

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[92] Vukadin, Lemoine, and Badot, "Opportunities and Risks of Combining Shopping Experience and Artistic Elements in the Same Store," 955-956.

[93] "Coty Fume Scent Lounge," Society for Experimental Graphic Design, accessed May 21, 2020, https://segd.org/coty-fume-scent-lounge.

[94] "Fume Scent Lounge," Muse Design Awards, accessed May 21, 2020, https://design.museaward.com/winner-info.php?id=264.

[95] Nathalie Atkinson, "How Millennials are Changing the Fragrance Games," *Elle Canada*, February 21, 2018, https://www.ellecanada.com/beauty/fragrance/how-millennials-are-changing-the-fragrance-game/.

[96] All of the brands offered at the Fume Scent Lounge were fragrances owned by Coty like Calvin Klein, Chloé, Miu Miu, Gucci, Balenciaga, Tiffany, and Marc Jacobs. "Coty Fume Scent Lounge," Eventscape, accessed May 21, 2020, https://eventscape.com/portfolio/coty-fume-scent-lounge/; "Store Tour Illustrates Why Brick-and-Mortar Remains Key to Retail Success in Canada," *Canadian Retailer* 28, no. 4 (2018): 29; "Coty Fume Scent Lounge," Society for Experimental Graphic Design.

[97] "Coty Fume Scent Lounge," Eventscape.

'Instagrammable' for social media sharing. Curated musical playlists sounded throughout the lounge and, supposedly, complemented each perfume scent on sale.[98]

Perfumes were experienced via an 'electronic inhaler' filled with scent crystals versus the older spritz and smell method.[99] The array of non-spray inhalers—reminiscent of sleek salt and pepper shakers in design—concealed branded perfumes and emitted a perfectly calculated burst of fragrance when sampled.[100] Each vial contained a radio-frequency identification (RFID) code "tied to the digital fragrance finder," or RFID reader, that would glow when a person's best suited fragrance match was found.[101]

Even though the Fume Scent Lounge was intended to be permanent, the concessionaire had ceased operation by 2019.[102] It is unclear whether the venture proved unprofitable, the concept was flawed technologically or experientially, or if the endeavour was not adequately advertised to the public by Hudson's Bay or Coty Canada, thus decreasing its chance of success. Yet, the Fume Scent Lounge points to the willingness for brand concessionaires to 'artify' their vendor booths, adding glamour, novelty, and artistry to department store showrooms.

Reintroductions of concessionaires with elaborate artistic designs are not the only tactics department store leaders have used to draw in customers in the wake of e-commerce. Many stores maintain updated websites, social media accounts, or email newsletters to stay connected with the digital public. Australian store, David Jones, was one of the first department stores to venture into

[98] David Lackie, "Welcome to Coty's Fume Scent Lounge," *Dave Lackie*, October 31, 2017, https://davelackie.com/welcome-to-cotys-fume-scent-lounge/; Caitlin Agnew, "Four Cosmetic Brands That Are Taking Experiential Shopping to New Levels," *The Globe and Mail*, March 22, 2018, https://www.theglobeandmail.com/life/fashion-and-beauty/four-cosmetic-brands-that-are-taking-experiential-shopping-to-a-new-level/article38321876/.
[99] "Store Tour Illustrates Why Brick-and-Mortar Remains Key to Retail Success in Canada," 29; "Fume Scent Lounge," Muse Design Awards.
[100] Lackie, "Welcome to Coty's Fume Scent Lounge;" Atkinson, "How Millennials are Changing the Fragrance Games."
[101] "Fume Scent Lounge," Muse Design Awards.
[102] Agnew, "Four Cosmetic Brands That Are Taking Experiential Shopping to New Levels."

the online marketplace in 1996.[103] Hudson's Bay went online in 2000 with the launch of HBC.com.[104] Other stores have launched their own smartphone applications and integrated online shopping into their overall shopping experience. Some stores, like Bon-Ton which introduced this chapter, have been revived to become online-only department stores.[105] Bon-Ton's "modern department store" approach or any other integrated technology approach is not a sure-fire solution to saving the department store industry from the digital age's challenges.

The 2019 bankruptcy of Barneys New York and the 2020 bankruptcies of J.C. Penney and Neiman Marcus demonstrate that no business is secure, regardless of reputation.[106] Integrating e-commerce into a department store will not automatically make the store succeed, but integrating technology into customers' shopping experiences may be able to pique greater public interest. Department store management's history with concessionaires and their stores' former reputation as destination experiences shows that there was, and possibly remains, value in the department store model, even if the industry more broadly sees continued bankruptcies. Moreover, it shows the retailing world's cyclic nature—creating a beloved concept, eliminating it, and then bringing it back in a revitalized way.

Realistically, many department stores will likely not survive into the mid-twenty-first century. Even those leaders who try to change their stores may do so too late. However, if

[103] Sauer and Burton, "Is There a Place for Department Stores on the Internet?" 388. The original website was shut down a year later.
[104] "2000," Timeline, Hudson's Bay Company History Foundation, accessed April 2, 2021, http://www.hbcheritage.ca/classroom/timeline.
[105] "Home," Bon-Ton, accessed May 22, 2020, https://www.bonton.com/; Lauren Zumbach, "Carson's Reopening Evergreen Park Store on Black Friday," *Chicago Tribune*, October 29, 2018, https://www.chicagotribune.com/business/ct-biz-carsons-reopening-evergreen-park-1031-story.html. 'The Modern Department Store' is the Internet tagline for Bon-Ton and Bon-Ton Stores Inc.'s subsidiaries. In 2018, Bon-Ton Stores Inc. reopened some of its chains' physical locations throughout the United States.
[106] Even if e-commerce is not the direct cause for a department store's closure, it has influenced the department store industry on the whole. Thus, while not necessarily the 'final blow' to certain companies, its contribution is significant.

department store leaders look at the reasons for department store successes in the past, they might be able to salvage, for a few outlets, their historic retailing traditions or, at least, refashion them for a public for whom the glories of the past are largely foreign. Part of this requires a deeper understanding of how goods and services can influence consumer perceptions of stores.

CHAPTER 7
"Would you like it gift-wrapped?": Department Store Services and Goods Maintenance

In Richard Curtis' 2003 romantic comedy film, *Love Actually*, the aforementioned question becomes a hindrance to Harry, portrayed by Alan Rickman, who attempts to purchase a necklace at a London department store. The simple exchange between Harry and the shop employee, played by Rowan Atkinson, escalates to comedic levels as Harry's chosen necklace undergoes an elaborate gift-wrapping 'event.' After the necklace is boxed, packaged with colourful ribbon, bagged, perfumed by rose potpourri, a cinnamon stick, and fresh lavender, and decorated with a sprig of holly, Harry abandons his purchase when the employee's extensive dedication to creating 'a memorable moment' takes too long.[1]

While the scene is purposefully exaggerated, the department store employee's dedication to helping create a meaningful and beautifully presented gift is not. Offering high-quality services, like gift-wrapping, to customers was a fundamental characteristic of the department store experience. It allowed customers to feel pampered and important, encouraging them to indulge and spend.[2] Department store leaders excelled at offering services that complemented store merchandise, so their goods and amenities shined.

Selling a vast array of local and international goods and services was a marker of originality for the department store compared to other shop formats that had preceded it. Small-scale shops did not have the financial capabilities to acquire far-flung merchandise or the space to house it. Additionally, small-scale stores rarely could employ the staff to stock and maintain sizeable product ranges and pamper customers.[3]

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[1] *Love Actually*, directed by Richard Curtis (2003; Universal City, California: Universal Studios, 2015), Blu-Ray.
[2] Benson, "Palace of Consumption and Machine for Selling," 207. Post-1910, department store leaders started to increase the number of amenities available to their serving staffs to try and "inspire more eager and efficient selling."
[3] See Chapter 1 for more on the evolution of retail and the department store.

Originally unchallenged by rival retail formats, the department store became an access point for growing public curiosity towards new imported goods, services, and 'cultural curiosities.'[4] Therefore, this innovative concept long achieved success; however, extensive goods and services offerings proved difficult to maintain if not subjected to precise planning and organizing. Plus, a department store was susceptible to mismanagement, increased competition, and a declining customer base if it failed to preserve service standards or proper merchandise assortments.

By examining the development of department stores' merchandise and supporting services, we can highlight their role in what department store managers understood was the relationship among retailing's indispensable elements. Without desired goods and the related presentation services, department stores—any retail establishment for that matter—had little reason to exist. Consequently, this chapter discusses what was being sold in department stores; it considers too the behind-the-scenes tactics involved in goods maintenance, planning, and selection. It inquires into the effect of the selection of merchandise on consumers' perceptions of the stores. Finally, it looks at the services which were or are currently offered in department stores and their role in elevating a customer's shopping experience.

The phrase 'goods and services' captures the interconnected relationship between two seemingly distinct concepts.[5] Of the two, the definition of a 'good' has been subjected to less debate in marketing literature. 'Goods' are tangibles like popcorn, a motorcycle, or lip gloss.[6] Consumers can touch, taste, smell, hear, or see these items and purchase them to "satisfy specific

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[4] Cox, *The Complete Tradesman*, 200.

[5] John M. Rathmell, "What is Meant by Services?" *Journal of Marketing* 30, no. 4 (October 1966): 32.

[6] Software or application purchases can be classified as either 'good' or 'service' depending on the type of software, the method of sale, or its tangibility.

wants and needs."[7] After purchasing a good, consumers are presumed to have an asset from which they will derive "satisfaction, or utility" solely from the good itself.[8]

A 'service' is "a deed, a performance, or an effort" that is intangible, such as buying an airline ticket, getting a haircut, or being waited on in a restaurant.[9] These actions are performed by people or technology and cause buyers to incur an expense without attaining a physical item. The services' "benefit, or utility" comes from the process of the service being rendered since it is produced and consumed simultaneously.[10] Services are more likely to experience heterogeneity due to the challenges of maintaining intrapersonal and interpersonal standards.[11] They are also perishable since an unused service—like an empty airline seat—cannot be reclaimed by the service provider.[12]

Depending on the department store in question, the terminology for 'service' has differed and continues to do so. It is common to see 'services,' 'amenities,' 'facilities,' and 'workrooms' used interchangeably in department store literature and store records.[13] Furthermore, some department store services were categorized as 'utilities' because they were interconnected with a store's ability to provide a physically enjoyable environment. Other types of stores considered 'utilities' to be mechanical or other practical features that enabled the store to operate. This thesis

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[7] Keith B. Murray and John L. Schlatcher, "The Impact of Services versus Goods on Consumers' Assessment of Perceived Risk and Variability," *Journal of the Academy of Marketing Science* 18, no. 1 (December 1990): 53; Rathmell, "What is Meant by Services?" 32-33.
[8] Rathmell, "What is Meant by Services?" 33.
[9] Ibid; Valarie A. Zeithaml, A. Parasuraman, and Leonard L. Berry, "Problems and Strategies in Services Marketing," *Journal of Marketing* 49, no. 2 (Spring 1985): 33. An airline ticket is not classified as a 'good' since it only represents the purchase of a service.
[10] Rathmell, "What is Meant by Services?" 33-34; Murray and Schlatcher, "The Impact of Services versus Goods on Consumers' Assessment of Perceived Risk and Variability," 53.
[11] Zeithaml, Parasuraman, and Berry, "Problems and Strategies in Services Marketing," 34-35; Russell Wolak, Stavros Kalafatis, and Patricia Harris, "An Investigation into Four Characteristics of Services," *Journal of Empirical Generalisations in Marketing Science* 3, no. 2 (1998): 26.
[12] Ibid; Ibid., 27. Consumers are unaware of a service's perishability until there becomes an insufficient supply. For instance, not being able to get a table at a restaurant and being forced to wait demonstrates a lack of supply for the service of eating out.
[13] Throughout this thesis, the terms 'service,' 'facility,' and 'amenity' will be used interchangeably.

maintains that a 'utility' is what is necessary for store operations. It includes lighting and heating, fixtures that could never be excluded from store structures. In comparison, services contained an element of 'extra,' where there was an added perk from partaking in or being offered an option associated with the merchandise's shopping experience. A service did not pertain to a store's functionality but was used to enhance or elevate the overall consumer experience. Consider a doorman. The presence of a doorman does not impede or facilitate customers entering a building. It conveys courtesy, ease—if arriving or departing the store with numerous packages—and 'specialness' to a customer's experience. Likewise, selling cosmetics is not contingent on offering beauty treatments. The treatments complement the store's products and encourage sales or simply enliven or enhance a customer's day.

Over time, store services evolved. Management eliminated certain services while others added. Notably, some services became less significant or less unique. Throughout the 1800s and early 1900s, customer washrooms were classified as a service since retail institutions did not offer these amenities prior to the department store. For the department store, this service was essential due to the extensive time customers spent within these stores. Later, it became a basic requirement for retail businesses. Since public washrooms no longer constituted a luxury bonus or add-on, they are not a common 'service' of department stores today; instead, they have been demoted to utilities.[14] Air-conditioning was also considered a luxury service feature that cooled customers during hot summer months. When air-conditioned technology became more widespread, it was a utility. Elevators and escalators were also services that allowed customers to forgo stairs for convenience and ease but later became commonplace and necessary for traversing huge retail spaces.

[14] Specialty bathrooms, including those with accessible stalls, nursing tables, or ostomate-friendly areas, are classified as 'services' since they exceed the baseline offering of what encompasses a customer washroom.

Department store leaders who intended to impress paid attention to the services they offered.[15] Store leaders competed to offer more and more amenities, seeking to claim the title of 'greatest department store.' Many stores significantly expanded their service offerings following WWII. In America, the war caused merchandise shortages that diminished stock availability. To compensate, department store leaders introduced new services to regain a percentage of their declining profits.[16] After the war, in an attempt to capitalize on high-class clientele, East Asian stores began to incorporate more services.[17] Also, department store management did not distinguish between store originated services and those offered via concessionaires. This is a common occurrence that has extended into the 2020s.[18]

Many early department store services are no longer offered today or have been drastically altered to adapt to modern trends. Horse-drawn carriages or wagons were the first methods of transportation used for store delivery.[19] The stores' wagons allowed customers to send their purchases to their homes if they were too large to be taken by hand. By the late-1920s in America, horse transportation was considered "passé," despite still being used by some large stores. Thus, it was phased out in favour of automotive vans.[20]

[15] Robert Drew-Bear, *Mass Merchandising: Revolution and Evolution* (New York: Fairchild Publications, Inc., 1970), 13; Pasdermadjian, *The Department Store*, 56.
[16] Drew-Bear, *Mass Merchandising*, 14.
[17] Stearns, *Consumerism in World History*, 106.
[18] See Chapter 6 for more on department stores and their concessionaires.
[19] Phillips, *How Department Stores are Carried On*, 54. Horse-drawn delivery services required department stores to have adequate stables to house and care for the animals. Stores also needed maintenance areas and medical facilities to repair or maintain equipment—like harnesses, breeching, lines, and terrets—or tend to injured or sick animals.
[20] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 240.

TABLE 10. Global Department Store Services, 1850s to 1990s		
Air-conditioning	Food and Beverage services	Mail order services
Alterations and Tailoring services	Cafés	Catalogues
Amusement centres	Catering services	Medical services
Art galleries or exhibition venues	Complimentary food or beverages	First-aid services
Auditorium	Eateries	Hospital care
Baby and Child amenities	Gourmet food services	Medical officer or nurse access
Children’s playgrounds	Lemonade kiosk, soda fountain or malt shop	Pharmacy
Mother’s rooms	Luncheon hall or dairy lunches	Merchandise Exchange Check
Nursery	Restaurants	Musical services
Beauty services	Sommelier and/or liquor advisory	Organ, pipe, and piano centre
Beauty salons	Tearooms	Novelty shop access
Beauty advisory	Full-service retail staff	Observation deck or zone
Hair services	Fur maintenance services	Optical and/or Optician services
Nail services	Fur salon	Order pick-up zones
Skincare services	Fur storage and/or vault	Parking
Facials	Gift cards	Personal shoppers
Cart and stroller rental	Gift-wrapping and/or boxes	Personalization
Cinema	Golf driving range	Customization
Cloakroom	Green space	Monogramming, engraving, and embroidering
In-store luggage, coat, or parcel	Garden, greenhouse, or pavilion	Photography services
Clothing and Shoe services	Hotel services	Photo studio
Bespoke clothing services	Indoor washrooms	Porter service
Clothing and fashion advisory	Information bureau	Post office
Clothing repair	In-store broadcasting system	Printing services
Shoe clinic and repair	In-store courses and/or lessons	Lithographs
Shoe fitting	Lecture series	Product demonstrations
Concert or dance hall	In-store guides	Pullers-in
Concierge	Interior design services	Store greeters
Delivery	Furniture, drapery, or wallpaper services	Store magazine or publications
Domestic	Interior design advisory	Telephones
Automobile delivery	Jewellery, Watch and Accessory services	Inter-department
Horse-drawn	Repair	Public access
International	Land and real estate services	Telescopes
Doormen	Layaway services	Theatre
Elevator and escalator service	Layaway holding area	Transportation services
Financial services	Library	Rental cars
Adjusting and approval office	Lost and Found	Shuttle access
Banking services	Lounges	Subway access
Cash children	Newspaper rooms	Travel agency
Charga-Plate	Reading and writing rooms	Entertainment and leisure packages
Charge accounts	Refreshment and retiring rooms	Watchmen (store assurance)
Credit	Maids and/or personal attendants	
Life, car and/or home insurance		
Provident fund (employees)		
Floorwalkers		
Florist		
Note: Table 10 compiles the most widespread department store services, as an exhaustive examination of every department store’s services worldwide is not feasible.		

<table>
<tr><th colspan="3">TABLE 11. Global Department Store Services, 2020</th></tr>
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<td>

Academy
In-store courses
Accessibility and/or disability services
Wheelchair rental
Alterations and Tailoring services
Art gallery or exhibition venue
ATM access
Baby or Child amenities
Baby and family care rooms
Children’s play zones
Dedicated children’s eateries
In-store childcare
Nursing rooms
Stroller rental
Barber and/or Hair salon
Beauty and Wellness Services
Beauty, fragrance and scent advisory
Beauty and/or wellness lounge
Body services and/or treatments
Makeovers
Makeup or skincare lessons
Nail, eyelash, and/or eyebrow services
Skincare services
Facials, cryogenics, skin consultations, massages
Spa services
Bridal Services
Bridal salon
Wedding advisory
Wedding registry
Car washing
Catalogue
Physical or Digital
Cinema or theatre
Click & Collect
Click & Reserve
Clothing and Shoe services
Adults and children
Clothes fitting
Clothing and fashion advisory
Clothing rental
Formal
Clothing repair
Made-to-measure
Shoe fitting
Shoe repair

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Checkroom
In-store clothing, parcel, or luggage check
Locker rental
Manned or unmanned
Refrigerated locker rental
Safety deposit box
Concierge access
Delivery and Shipping
Domestic
Inter-store, home, and hotel
International
Electronic services
Repairs
Store apps
Family lounge or relaxation zones
Financial services
Credit
Currency exchange
Insurance
Store credit card
Florist
Food and Beverage services
Bakeries
Bars
Cafés
Catering services
Chocolatier
Food halls or markets
Restaurants
Sommelier and/or liquor advisory
Tearooms
Fur maintenance services
Fur salon
Gift advisory
Personal and/or corporate
Gift cards
Gift Registry and/or List services
Gift-wrapping
Green space
Garden, terrace, or nature zone
Hands-free shopping
In-store announcement system
Interior design services
Decorating or landscaping services
Furniture repair, assembly, or installation
Home goods advisory
Interior design advisory
Nursery advisory

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<td>

International and/or Interpreting services
Jewellery, Watch, and Accessory services
Accessory advisory
Appraisal
Cleaning
Repair and/or adjustment
Umbrella rental
Key cutting
Lost and Found
Loyalty program
Medical services
Clinics
Pharmacy
Mobile charging stations
Optical and/or Optician services
Parking access
Bicycle parking
Payment method options
Buy now, pay later policies
Online payment platforms
Personal shoppers
Personal stylists
Personalization services
Bespoke hampers or picnic baskets
Customization
Monogramming, engraving, and embroidering
Photography services
Porter service
Prayer rooms
Printing services
Product recycling
Cosmetics and/or appliances
Smoking rooms
Tax-free, exemption, or refund services
Transportation services
Subway access
Taxi and shuttle access
Travel agency
Valet parking
VIP services
Private lounges or dining
Private shopping
Shopping assistant
Virtual advisory
Wi-Fi access

</td>
</tr>
<tr><td colspan="3">Note: Table 11 complies the most frequently offered department store services via an examination of over seventy department store brands internationally. The department stores observed were in operation as of May 2020.</td></tr>
</table>

Customers at post-war Canadian and American department stores were soon introduced to "a system of credit buying" called a 'Charga-Plate' for added customer convenience.[21] It was reminiscent of an account token or early credit card that was first developed by Massachusetts-based company Farrington Manufacturing Company in the late 1920s.[22] Charga-Plates were made of metal and impressed with a customer's name and address—akin to how a military dog tag is stamped—and contained a small paper that had their signature written in ink.[23] When making a purchase, a customer would present their plate, and the sales clerk would insert it into the Charga-Plate machine. If the plate physically fit into the machine—grooves were carved into the plate's exterior—the customer's credit was approved, and the sales check would have a "printed impression" of the customer's details.[24]

In Japan, merchandise exchange checks were a popular service. A merchandise exchange check was a document where "a store promise[d] to deliver any [store] merchandise" in exchange for the amount designated on the document.[25] Much like a modern-day gift card, the checks were only usable in the store from which they were purchased or at affiliated stores.[26] Gift-giving remains an important aspect of Japanese culture, yet a blatant cash transaction lacked proper etiquette. Merchandise exchange checks allowed monetary presents to be given, but they did not require "unveiled cash." This feature led to their popularity, and by 1951, Japanese department stores had issued over 2,377 million yen (¥) in these checks.[27]

Leisure and entertainment spaces—such as lounges and sitting rooms, green spaces, and theatres or performance halls—were common department store services but varied in scale and

[21] Ferry, *The History of the Department Store*, 21.
[22] Ibid.
[23] Ibid.
[24] Ibid.
[25] Fukami, "Japanese Department Stores," 49.
[26] Ibid.
[27] Ibid.

operational durability. German department stores in the 1890s offered piano rooms, lemonade kiosks, and refreshment rooms; in 1908, Mitsukoshi had two decorated lounges; Selfridges had four retiring rooms and a rooftop garden by 1909; in 1923, Chinese store, The Sun Sun Company, boasted an amusement centre and hotel; Canadian store, Eaton's, had a 'frolic park' for children in 1927; by the 1930s, Hwashin Department Store in South Korea offered greenhouse access and an observation deck to guests; and Hudson Bay's Winnipeg store had a library by 1931.[28] When department store leaders first introduced these services, they proved popular, especially amongst upper-class customers and allowed department stores to gain further lustre. Yet, not all customers initially perceived these rooms as 'useable spaces,' but as 'showrooms' that guests were not allowed to enter. In Japan, Mitsukoshi remedied this misconception by handing out "information leaflets on the facilities that were available" and stating that the spaces were open even if the customers did not purchase any merchandise.[29] Department store leaders intended these spaces to let every member of the family enjoy going to the department store and feel 'treated' when they did so.[30] That feeling of free access contributed to the store's 'experience.'

Restaurants and eateries were amongst the most popular department store services. After the war, they continued to thrive in many department stores around the world, especially in European, East Asian, and Southeast Asian stores. Tearooms, food halls or markets, full-service

[28] Coles, "Department Stores as Innovations in Retail Marketing," 38; Oh, "Shopping for Art," 358; Lawrence, "Steel Frame Architecture versus the London Building Regulations," 40; Ho, "The Development of Chinese Department Stores," 284; T. Eaton Co., *The Story of a Store*, 28; Oh and Kahm, "Selling Smiles," 9; "Our Winnipeg Store," *The Beaver*, no. 2 (September 1931): 296.
[29] Fujioka and Stobart, "Global and Local," 275.
[30] Young, "Marketing the Modern," 62-63. In Japan during the 1920s and 1930s, the department store concept had stabilized and blended with an increased sense of modern "consumer desire." This made leisure-related activities must-haves for Japanese stores. Japanese, Chinese, and Korean stores have maintained this connection between the department store and leisure into the twenty-first century. See also Rika Fujioka and Jon Stobart, "Global and Local: Retail Transformation and the Department Store in Britain and Japan, 1900-1940," *Business History Review* 92, no.2 (Summer 2018): 251-280 for more on leisure as a part of the shopping environment. There has been a resurgence of the department store as a destination experience post-1970. See Chapter 6 for more on department stores and concessions.

restaurants, and cafés were popular options. North American stores that evolved into department store chains during the mid-1900s rarely maintained 'an eatery.' Perhaps this is because the smaller size of suburban stores precluded this service, or the provision of food was less important since shopping trips were shorter or shopping malls had restaurants. In the 1970s, there was corporate pressure to cut unprofitable departments, and often eateries were the targets.[31] Flagship stores were more likely to maintain this service or have had it resurrected as a store characteristic post-millennium. Today, Nordstrom's has continued to offer eatery options, ranging from cafés to bars and full-service dining—as does the Canadian store, Holt Renfrew, and Macy's in the United States.[32]

As of 2020, British, French, Korean, and Japanese stores lead in the number of services they offer customers. Korean and Japanese stores are more likely to offer leisure-based services like Shinsegae's SPALAND, a series of all-natural spa treatments, or Zooraji—a rooftop dinosaur-adventure-themed park.[33] British and French department stores focus on beauty, hair, and wedding services, as well as individualized services like private shopping or personal assistants.[34] European stores, such as Swiss store Jelmoli, Swedish store Nordiska Kompaniet, and Russian store TsUM follow a similar trend.[35] Stores in New Zealand and Australia are more likely to have health care facilities or medical services, like clinics. East Asian stores are more inclined to offer religious-

[31] Johnson and Kim, "When Strategy Pales," 587.
[32] "Nordstrom Restaurants," Nordstrom, accessed June 8, 2020, https://shop.nordstrom.com/c/nordstrom-restaurants; "Holt's Café," Holt Renfrew, accessed June 8, 2020, https://www.holtrenfrew.com/en/services/restaurants; "Our Restaurants," Macy's, accessed June 8, 2020, http://macysrestaurants.com/.
[33] "Centum City – Facilities," Shinsegae, accessed May 29, 2020, http://en.shinsegae.cn/store/facility.do?cateCd=1&storeSeq=3.
[34] "Nos Services (Our Services)," 24S.com, accessed May 28, 2020, https://www.24s.com/fr-fr/le-bon-marche/services; "Services," Galeries Lafayette, accessed May 28, 2020, https://www.galerieslafayette.qa/services/; "Services," Harrods, accessed May 29, 2020, https://www.harrods.com/en-gb/services; "Our Services," John Lewis, accessed May 29, 2020, https://www.johnlewis.com/our-services; "A-Z Store Services," Selfridges, accessed May 29, 2020, https://www.selfridges.com/GB/en/features/info/a-z-store-services/.
[35] "Tourism," Jelmoli, accessed May 29, 2020, https://www.jelmoli.ch/tourism/; "Service at NK," NK, accessed May 29, 2020, https://www.nk.se/varuhusen/in-english/nk-service-eng; "Services," TsUM, accessed May 29, 2020, https://www.tsum.ru/english/services.php.

based services like Buddhist alter fittings or provide customers with access to prayer rooms.[36] Overall, a store's location, its size, its price level, and its employee and financial capabilities influence the amenities its leaders choose to offer. The number of services a store offers does not impact its label as 'a department store,' merely the number of convenient perks customers can expect while shopping.

Department store merchandise worked hand in hand with services. Merchandise refers to the goods that business operators sell to customers. An example of a type of merchandise is soap or a pie. There was no limit on what they could sell for department store management if they adhered to legal regulations. Some corporate documents highlighted the specific conditions that allowed companies to operate or what was within their range of legally acceptable and salable merchandise.

For Canadian store Dupuis Frères, the 1906 Revised Statutes of Canada provided the basis for the company's registration and granted the company its charter.[37] The charter outlined the store's right to "carry on [the] business of a wholesale, retail and departmental store," listed the merchandise they were allowed to sell or manufacture, the services they could engage in, and any acceptable business opportunities, like franchising or property acquisition, among additional conditions.[38] The conditions placed upon Dupuis Frères provide a suitable yardstick for measuring other department store merchandise and lines of business during the 1900s, leaving room for

[36] "Ballantynes," Ballantynes, accessed May 28, 2020, https://www.ballantynes.co.nz/; "Store Services," David Jones, accessed May 28, 2020, https://www.davidjones.com/services/store-services; "Our Stores," Mitsukoshi Isetan, accessed May 29, 2020, https://cp.mistore.jp/global/en/shoplist.html; "Stores," PARCO, accessed May 29, 2020, https://www.parco.co.jp/en/about/store/; "Takashimaya," Takashimaya, accessed May 29, 2020, https://www.takashimaya-global.com/en/.

[37] "Chapter 79. An Act Respecting Companies," in *The Revised Statutes of Canada, 1906: Proclaimed and Published Under the Authority of the Act 3 Edward VII., Chap. 61 (1903)*, 1372-1432. (Ottawa: Samuel Edward Dawson, 1907).

[38] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/A1. Statuts et Règlements, 1891-1977.

regional, national, and international variation. Department stores were entitled to "any or all of the business of":

> Dry goods merchants, dry good manufacturers, furriers, clothiers, haberdashers, hosiers, manufacturers, exporters and importers wholesale and retail dealers of and in all kinds of fabrics, feathers, dresses, boot and shoe makers;
>
> Manufacturers and importers and wholesale and retail dealers of and in leather goods, household furniture ironmongery, china and glassware, crockery and other household fittings and utensils, ornaments, bric-a-brac, stationery, notions and fancy goods, dealers in meats and provisions, drugs, chemicals and other articles and commodities of personal and household use and consumption; and generally of and in all manufactured goods, materials, provisions and produce and personal property;
>
> To carry on any of the business of coach and carriage builders, saddlers, harnessmakers, house decorators, sanitary engineers, electrical engineers and contractors in all of the branches thereof, gasfitters, coal and wood dealers, land, estate and house agents, builders, contractors, auctioneers, cabinetmakers, upholsters, furniture removers, owners of depositories, warehousemen, carries storekeepers, manufacturers of and dealers in hardware, jewelry, plated goods, perfumery, soap, toilet articles of all kinds, and articles required for ornament, recreation or amusement, gold and silversmith, dealers in precious stones, watchmakers, newspaper proprietors, booksellers, dealers in musical instruments, manufacturers of and dealers in bicycles, tricycles and motor carriage and vehicles and sporting goods of all kinds; and also refreshment contractors, restaurant keepers, wine and liquor dealers, tobacconists and dealers in mineral, aerated water or other liquids;
>
> Barbers and hair dressers, photographers and dealers in photographic supplies and optical goods, printers, lithographers and engravers, dealers in domestic, trained and fancy animals; to manufacture, buy, sell and deal in factory, bread, cakes, pies, biscuits, crackers, confectionary and all other food products, also baking powders and all substances and ingredients generally used in the making of baking powders;
>
> To provide and conduct refreshment rooms, newspaper rooms, reading and writing rooms, dressing rooms, telephones and other conveniences for the use of customers and others;
>
> To conduct and to hold amusements for the enjoyment of its customers and others, including moving pictures, theatrical, musical and similar shows.[39]

Much of the merchandise sold was machine-made. For example, ready-to-wear clothing eliminated the need to custom make a customer's clothes—unless this was offered as a service. This provided uniformity amongst goods and allowed management to offset their small profit

[39] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/A1. Statuts et Règlements, 1891-1977.

margins with large sales volumes.[40] While exotic goods incited the awe-factor, basic stock merchandise—like white dress shirts or household staples—made customers return over and over again.[41] Store leaders were creative in pushing their wares, especially during peak sales periods. During *Oshōgatsu*, or Japanese New Year, Japanese department stores sold *fukubukuro*, meaning 'Lucky Bag(s),' to boost customer curiosity towards the stores' goods.[42] These bags were left sealed, and the only way to know what was inside one was to purchase it. The price ranged from 1000 ¥ or 2000 ¥ to upwards of 10,000 ¥. In 1987, Seibu department store offered 'Super Lucky Bags' with one bag valued at 87,000,000 ¥, although the contents—"a Mercedes Benz, a Russian sable fur coat and an alexandrite and diamond ring"—were announced publicly.[43] In 1930s China, Whiteaway Laidlaw bundled related items, like "a shaving mirror and a soap container" or a "stationery pack of letter paper and envelopes," and sold them for one yuan.[44] Management placed these "one-dollar items" at prime payment locations throughout the store to fuel the customers' "psychological desire to buy cheaper products conveniently."[45] It also increased Whiteaway Laidlaw's sales figures and cleared excess stock.

The examples just mentioned were special cases of the most general merchandising practice, the art of selling products to generate greater profits. The common devices have included promotional sales, pricing gimmicks, display design, and product design. Without an adequate

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[40] Clausen, "The Department Store," 21. Managers at small-scale shops were unable to provide the same consistency or volume of goods regularly.
[41] Donald Cangiano, "Department Stores Have Lost Their Way," *Toronto Star*, June 18, 2007, https://www.thestar.com/business/2007/06/18/department_stores_have_lost_their_way.html.
[42] Millie Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan: Department Stores and the Commoditization of Community Traditions," *Japan Forum* 10, no. 2 (September 1998): 131-132. 'Lucky Bags' are not a department store specific phenomenon in Japan. It is an older business practice meant to commemorate a season or favourable time to "cultivate or cash in on one's luck."
[43] Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan," 132. 'Lucky Bags' that cost 1000 ¥ or 2000 ¥ were valued at roughly $8 and $16 USD, respectively. In USD, an 87,000,000 ¥ 'Lucky Bag' would cost $696,000. Other 'Super Lucky Bags' were sold in the price range of 5,000,000 ¥, or $40,000 USD. For some 'Super Lucky Bags,' the price would be fixed to correlate with the new year's date. For instance, the value in 1987 was 87,000,000 ¥.
[44] Lien, "From the Retailing Revolution to the Consumer Revolution," 368.
[45] Ibid.

merchandising plan, offering a huge array of goods could be unprofitable and a good turnover difficult to achieve. Clayton Funk argued that a department store's merchandising was "treated as if it were dramaturgy" and merchandisers would "promote [their merchandise with] visual, musical, and literary forms as part of the shoppers' experience."[46] Part art form and part practicality, merchandising tactics were multidimensional concepts that used intangible factors, like floorplan layout and reputation, to contribute to a customer's conception of a store.[47] Thus, when department store leaders planned their merchandise assortments, they considered their store's image and their target customer base. Japanese satellite stores, operating in locales like Hong Kong, tended to avoid competition by offering different merchandise levels. Department stores like Mitsukoshi, Matsuzakaya, and Isetan targeted up-market merchandise lines while Uny and Jusco targeted lower-market merchandise.[48]

Tangible factors like merchandise selection, quality, and style played an equally significant role in creating an environment that conjured people's desire to spend and enjoy.[49] A 1971 HBC research study revealed that guests viewed whether stores had the highest quality, widest selection, and most up-to-date merchandise as the most significant factors influencing a customer's decision to shop. Other factors included company image, pricing and value, location, atmosphere, and service.[50] Therefore, management needed to guarantee the quality of their goods, maintain item

[46] Funk, "The Gaze Across the Aisle," 151-152.
[47] Pierre Martineau, "The Personality of the Retail Store," *Harvard Business Review* 36, no. 1 (Jan/Feb 1958): 47.
[48] Peter J. McGoldrick and Sandy S.L. Ho, "International Positioning: Japanese Department Stores in Hong Kong," *European Journal of Marketing* 26, no. 8/9 (1992): 63.
[49] Stuart U. Rich and Bernard D. Portis, "The 'Imageries' of Department Stores," *Journal of Marketing* 28, no.2 (April 1964): 11. For more on customer inference via store environment, see also Abhijit Banerjee and Tanya Drollinger, "Store within a Store: Matched versus Mismatched Image Perceptions," *Journal of Retailing & Consumer Services* 36 (May 2017): 53-61; Rini Handayani, "The Effect of Store Atmosphere and Merchandise on Customer Experiences: Survey of Department Store Customers in Bandung City, Indonesia," *Global Business & Management Research* 11, no. 1 (2019): 284-294; and Elizabeth M. Visser, Ronel Du Preez, and Hester S. Janse Van Noordwyk, "Importance of Apparel Store Image Attributes: Perceptions of Female Consumers," *SA Journal of Industrial Psychology* 32, no. 3 (April 23, 2006): 49-62.
[50] HBCA, Hudson's Bay Company Governor and President Donald S. McGiverin's executive project files, File 328: Public Relations - Corporate Identity - Morgan's Name Change. The study compared rival Canadian department

availability, accept customer returns or complaints, and continue to provide fashionable, diverse, and fairly priced goods to maintain a favourable image.[51]An examination of Hudson's Bay's merchandising techniques during the 1930s and the 1960s is a useful guide to understanding how leaders sought to balance their stores' reputations, physical capabilities, and merchandise.

In the early-1900s, Hudson's Bay did not have a uniform system for merchandising. Merchandise selection began with the buyer—called 'department managers' at Hudson's Bay—who relied on personal 'hunches' to pick and maintain merchandise.[52] By the 1920s, it was apparent that the company needed a stabilizing system to maintain consistency in their stores and ensure that their buyers had the knowledge to make informed decisions.

One of the key management techniques that emerged during the introduction of merchandising standardization was stock limiting. Smaller stocks were a safeguard against losses caused by shifting trends and "style depreciation."[53] Executives aimed to simplify 'price lines'—categories that separated products based on their cost—and focus on merchandise that was exclusive or had a high turnover volume. The problem was that having a large range of merchandise in a price line, yet sustaining minimum stocks, was unproductive.[54] Price lines could be within cents of each other, creating hundreds of different lines across a store's inventory. Maintaining those minute differences meant "high reductions and an unsatisfactory net profit."[55] For instance, goods within the $10 to $20 range could include five price lines: 1) $10.00 to $12.50;

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stores and discount department stores based in Montreal. Hudson's Bay Company executives engaged in a series of consumer studies to determine their department stores' likeability within the French-Canadian market following their acquisition of Morgan's.

[51] Handayani, "The Effect of Store Atmosphere and Merchandise on Customer Experiences," 287; Elizabeth M. Visser, Ronel Du Preez, and Hester S. Janse Van Noordwyk, "Importance of Apparel Store Image Attributes: Perceptions of Female Consumers," *SA Journal of Industrial Psychology* 32, no. 3 (April 23, 2006): 56.

[52] A.R. Morell, "Department Store Merchandising – PART ONE," *The Beaver* 4 (March 1931): 192.

[53] Morell, "Department Store Merchandising – PART ONE," 192.

[54] Ibid.

[55] Ibid.

2) $12.51 to $14.50; 3) $14.51 to $16.50, 4) $16.51 to $18.50, and 5) 18.51 to $20.00. Hudson's Bay management introduced 'price zones' to combat this challenge and limit the number of cost categories.

Price zones were similar to price lines, yet more restrictive and only targeted "those prices at which there [was] greatest customer demand," thus, incurring the highest sales and greatest profits.[56] Therefore, if buyers found that items valued below $5.00 did not meet these standards, there would be no price zone below $5.00, and the store would automatically not sell any items in that price bracket. Nonetheless, because all merchandise stock was concentrated in a limited number of these buyer-determined zones—for instance, a shirt that cost $5.00 and a toy that cost $5.00 would be in the same zone—the zones still needed to provide the public with the greatest number of products yet within a more limited range of prices. This tactic required a lot of balancing since there needed to be high-grade and low-grade merchandise within the assortment mix while still focusing on the buying public's preferred items. However, once implemented, the system was beneficial for buyers since it limited stock ordering to items that could be priced within a store's price zones. Yet, implementing this system also meant that buyers had to remove existing products from their stores if those items could not align with a zone; thus, reducing merchandise assortment in a way that price lines did not. The price zone practice resulted in "better stock control, increased turnover, smaller investment, decreased reductions, better gross profits," and enabled the process to be time-effective.[57]

Hudson's Bay management enacted other merchandising techniques such as the classification system, the unit control system, a model stock plan, and the want slip system. The classification system kept track of current stock, turnover rates, or gross profit for each

[56] Morell, "Department Store Merchandising – PART ONE," 192.
[57] Ibid., 192-193.

department's merchandise. The intention was to eliminate the guesswork surrounding which items should be restocked and which items sold best with the public or were the most desired.[58] The unit control system organized merchandise on the unit level and allowed buyers to study specific products—for instance, men's blue shirts, size small—and adjust merchandise orders accordingly. The model stock plan was a record keeping method focused on stock subdivisions and used as a referent for "checking assortments and buying [the] right quantities."[59] Lastly, the want slip system allowed buyers to change their merchandise assortments if the public expressed significant interest in a product after continuous telephone inquiries.[60]

To maintain merchandise popularity, Hudson's Bay leaders established a style bureau intent on understanding fashion and its role in influencing consumer trends. Moreover, to protect product quality, management opened a testing laboratory and instituted a 'bureau standard.' The latter tested merchandise to meet Hudson's Bay's standards and ensured that manufactured goods lived up to manufacturers' claims.[61] Enacting these merchandising procedures cumulated in the store's 1931 merchandising policy:

> Merchandise of first quality; merchandise of latest style (the first in the city, as far as possible, to have new things); the best merchandise that can be had for the price asked; complete assortments in all prices zones; [and] price zones to meet the wants of the customers.[62]

These merchandising techniques created a stronger merchandise foundation for Hudson's Bay and expanded the buyer's role and prominence. Despite these actions, the merchandise selection remained at the department manager's discretion, leaving the potential for inter-store variation.[63]

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[58] Morell, "Department Store Merchandising – PART ONE," 193.
[59] Ibid.
[60] Ibid.
[61] Ibid., 193-194. See Chapter 8 for more on the department store, laboratory testing, and private brand products.
[62] A.R. Morell, "Department Store Merchandising – PART TWO," *The Beaver* 1 (June 1931): 248.
[63] Morell, "Department Store Merchandising – PART TWO," 248.

By the 1960s, management had further standardized Hudson's Bay's merchandising practices. To ensure uniformity and success from its buyers, the company's Retail Services division produced a series of preparatory courses about merchandising. These courses covered the principles of merchandising, advertising techniques, and departmental display. They provided home assignments and tests for students.[64] The courses were supplements to daily in-store training and were a companion or referent for department managers seeking improvement or guidance.[65]

The courses also outlined the ideal qualities of a Hudson's Bay buyer. The desired characteristics were: "[a] motivation to succeed;" "mental alertness and agility;" enthusiasm; strong physical and mental health; good leadership and organizational skills; the ability to make informed decisions surrounding risk; "creativity," and "sound judgement."[66] The company wanted managers who were well-rounded and dedicated to increasing their department's status within the store and in public minds. Hudson's Bay leaders conceptualized the company as having "only two things to sell in [their] business:" merchandise and service, and the department manager anchored those business aspects.[67] The guiding principle for all department managers was "to achieve a growing volume of sales at a profit."[68] Specifically, the company instilled the mantra of "the will to achieve," equating one's personal success with the company's success.[69] It is a familiar sentiment throughout the retail industry.

The buyer was "responsible for the entire operation of a selling department" and there would be one department manager for every department.[70] Operating an entire selling department

[64] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 118: Preparatory Merchandising Course, Part 1, Lesson 1-8: Framework for Merchandising.
[65] Ibid.
[66] Ibid.
[67] Ibid. Department managers were the primary individuals responsible for merchandising. However, depending on the store, assistant store managers or store managers acted as department managers in some departments.
[68] Ibid.
[69] Ibid.
[70] Ibid.

required a buyer to conduct the following tasks: "planning the department's operating objectives and the means of achieving them; ordering merchandise by color, size, style, quantity, price, and delivery date; competitive shopping; pricing incoming merchandise; display merchandise [including interiors, windows, and signing]; advertising; selling; adjusting complaints; supervising the staff of [their] department; comparing operating results [and all financial data] with planned objectives; [and] replanning."[71] Since these tasks were interconnected, failing to properly manage one of them risked jeopardizing their department's profitability, image, and success.

To increase the chances of success, the company provided its department managers with ten core merchandising fundamentals: 1) sales market appraisal; 2) direct the sales attack; 3) pricing; 4) base merchandise decisions on informed judgement; 5) timing; 6) markets and resources; 7) a sense of sell; 8) adequate assortments; 9) profitable stock-sales relationship, and 10) creative merchandising.[72]

Pricing was deemed the chief influence in a customer's desire to purchase goods or services. Department store management used competitive pricing to outsell their rivals, and Hudson's Bay leaders continued to use the price lining technique into the 1960s.[73] It was the department manager's responsibility to determine the department's price lines by keeping up-to-date information on competitors' "regular and off-price merchandise." Even in towns or cities where there was no direct competition, department managers had to calculate city prices plus the

[71] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 118: Preparatory Merchandising Course, Part 1, Lesson 1-8: Framework for Merchandising; HBCA, HBC corporate secretary's subject files, HB2007/184, 602 Corporate image.
[72] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 118: Preparatory Merchandising Course, Part 1, Lesson 1-8: Framework for Merchandising.
[73] Ibid. While the 1930s saw the introduction of the price zone system, the Retail Services course materials from the 1960s did not specify the continued use of price zones as a Hudson's Bay merchandising technique. It is possible that the company returned to the price line methods; that 'price line' referred to the price zone system of the 1930s with a new name; or that the terminology of 'price zone' and 'price line' were conflated to refer to the same process.

addition of transportation fees to the store or the cost of mail order to see if their prices were fairly labelled and competitive.[74]

Timing and adequate assortments were interrelated. Consumer demand directed the flow of merchandise. Therefore, buying was done after adequately forecasting what time of year, for example, Christmas or Mother's Day, increased purchasing odds and had the best sales potential, the intensity and speed of consumer trends, and the duration of time it took for merchandise to be sold. Attaining merchandise and filling re-orders at the company's discretion versus the supplier's was also important to efficient product delivery.[75] Fundamentally, merchandise assortments needed to provide customers with what they wanted, whenever they wanted, without worry. Satisfying that need was called inventory management.[76] Creating assortments that "concentrate[d] on depth rather than breath" contributed to the stores' planning potential for supplying fresh, desirable products in just the right quantity.[77]

Finally, when selecting their merchandise assortments, department managers needed to consider their department's entire character. What type of consumer was the store or department trying to reach, and how should the store go about targeting them? A store's geographic location could determine the range of accessible clientele. On a larger scale, the economic circumstances in a city or country were also important determining factors for how much consumers could or were willing to spend.[78] Department stores hoped to attract a large portion of shoppers in their community through their merchandise assortments and amenities. However, Hudson's Bay's

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[74] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 118: Preparatory Merchandising Course, Part 1, Lesson 1-8: Framework for Merchandising.
[75] Ibid.
[76] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation.
[77] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 118: Preparatory Merchandising Course, Part 1, Lesson 1-8: Framework for Merchandising.
[78] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation.

leaders recognized that trying to match their competitors in every aspect would be unbeneficial if every product or service was not held to the same standard or quality. Instead, they hoped that focusing on certain 'Little Businesses' would enable them to be the best in those areas in terms of what they offered.[79]

Merchandise that supported a store concept—like a store brand concessionaire—had to maintain that physical area's appeal. For instance, if Hudson's Bay's 'Young Modern Shop' was attempting to follow a trendy, fashionable design, customers should not have found it stocked with boring, unfashionable items. Most often, these designated areas had a unique appeal for drawing customers and displaying the company's branded merchandise.[80] Eliminating that distinction could erode consumer opinion of that brand or of the store itself. Also, merchandise had to be matched with the correct level of service, such as full personal service or self-service.[81] Management presumed that a mismatched service-merchandise dynamic was irksome to customers and hindered a department's selling abilities. Therefore, department managers planned the customer service level even before they planned merchandise assortments so every product was properly suited to its department.

It is not a great oversimplification to suggest that retail enterprises historically have either chosen to concentrate on low costs or on quality goods and services to keep their customer base stable and growing. Throughout the department store's history, quality has been prominent. However, changing trends and new technologies have altered department store services, merchandise, and ways of managing merchandise. In some countries, the number of department

[79] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation. A 'Little Business' was the "concentration of merchandise in one area satisfying a specific customer appeal" and could represent either an entire department or a specific line of merchandise in that department.
[80] See Chapter 8 for more on department stores and branded merchandise.
[81] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation.

store services experienced a steady decline from the 1970s onward because of increased retail pressure. In other locales, the experience and leisure elements characteristic of the old-age department store have persevered. Regardless, services have contributed to customers' perceptions of a store's image, alongside merchandise. Merchandise planning has been central to management strategies to keep consumer opinion favourable and decrease the risk of poor stock turnover and potential profit loss.

For department stores in general, the odds of returning to the range of merchandise and service variety that they had in the past is slight. The model is no longer profitable. That said, stores which continue to occupy a luxury niche or maintain single locations could benefit from management perpetuating an 'old-fashioned' shopping experience that lets customers feel special and treated in a rapidly digitalizing and increasingly depersonalized retail world. To attain or retain this high level of personalization, department store leaders looked to a different management technique—branding.

CHAPTER 8
Becoming a Brand: The Physical and Ideological Traits of Department Store Branding

In 2013, the HBC unveiled a new logo and name—'Hudson's Bay'—for its Hudson's Bay Company department stores. Previously, 'The Bay' had served as the company's retail brand identity since 1965. Company leaders hoped that a rebrand would modernize their department stores "while maintaining [the stores'] deep-rooted" historical image.[1]

A company rebrand is not uncommon in retailing or in other business sectors. If done correctly, it can reinvigorate a company's image, create buzz, distance a company from controversy, and connect brands with alternative shopping demographics. The driving objective is to increase profits. Kentucky Fried Chicken switched to its acronym form, 'KFC,' in 1991 to avoid being seen as unhealthy amid a health food boom.[2] During a 2018 rebrand, Dunkin' Donuts similarly dropped the 'Donuts' to disassociate the brand from an unhealthy product, but simultaneously to let determined snack lovers know that the products retained a deep-fried and sugary goodness.

Regardless of a company's intentions, changing a legacy brand—via a new logo, name, colour palette, or other brand feature—can incur public backlash and hinder company growth if the new brand does not adequately align with the existing 'idea' of the company in consumers' minds. American department store J.C. Penney famously went through three rebranding attempts from 2000 to 2020. Each time, the company failed to root the brand's identity as either a fashion

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[1] Hudson's Bay Company, "Hudson's Bay Celebrates its Past, Present and Future with Modern New Logo," Hudson's Bay Company, press release, March 6, 2013, http://www3.hbc.com/press-release-container/hudsons-bay-celebrates-its-past-present-and-future-with-modern-new-logo/; "MarketLine Company Profile: Hudson's Bay Company," *Hudson's Bay Company MarketLine Company Profile*, January 30, 2019, http://search.ebscohost.com.libaccess.lib.mcmaster.ca/login.aspx?direct=true&db=buh&AN=134929791&site=eds-live&scope=site.

[2] Avi Dan, "The Weight Watchers Rebrand Points To The Risk of Chasing Trends," *Forbes,* April 11, 2012, https://www.forbes.com/sites/avidan/2019/04/11/the-weight-watchers-rebrand-points-to-the-risk-of-chasing-trends/#361f53572ddc; Tom Buiocchi, "Welcome To Dunkin'! Why A Rebrand Is Only Half The Battle," *Forbes*, November 30, 2018, https://www.forbes.com/sites/forbestechcouncil/2018/11/30/welcome-to-dunkin-why-a-rebrand-is-only-half-the-battle/#31716fcb2dcc.

or price leader.[3] Clothing retailer Gap unveiled a new contemporary yet heritage-steeped logo in 2010, only to be met with severe criticism, forcing the firm to return to its previous design.[4] French fashion house Céline also faced a divided public reaction when it removed the accent from the ‘e’ in its logo during 2018.[5] With hundreds of companies active in the retail landscape and more emerging each year, companies need to establish their brand—and think carefully before changing it—to survive.

A ‘brand’ is challenging to define since it has been used to describe various ideas over time. A brand has ‘stamped’ physical products with a distinct name or symbol or has presented the characteristics that differentiate one company’s products, corporate identity, and values from competitors. Department store management has used branding in both a physical and ideological way to enhance their company profiles and attempt to stay relevant and distinctive throughout their operation. However, on the ideological side, a brand’s characteristics can become too restrictive, even self-damaging, if they do not adapt to new physical and social locales.

The ways that management used a brand’s physical and ideological aspects to influence consumer opinion will be examined in this chapter. It will show how branded products occupied an elevated position amongst non-branded merchandise and how department store merchandise policies reflected these items’ importance. Secondly, it will emphasise the positives and negatives of establishing a brand’s reputation around a set of ideological traits. For Hudson’s Bay, the company’s brand and corporate identity are imbued with its complicated historical legacy,

[3] JCPenney, “jcpenney Transformation Takes Shape With Bold New Logo,” JCPenney press release, February 22, 2011, https://ir.jcpenney.com/news-events/press-releases/detail/24/jcpenney-transformation-takes-shape-with-bold-new-logo.
[4] Blake Ellis, “New Gap Logo Ignites Firestorm,” *CNN Money*, October 8, 2010, https://money.cnn.com/2010/10/08/news/companies/gap_logo/index.htm.
[5] Amy Mackelden, “The New Céline Logo Loses Its Accent as Part of Hedi Slimane’s Rebrand,” *Harper’s Bazaar*, September 3, 2018, https://www.harpersbazaar.com/fashion/designers/a22901684/celine-logo-loses-french-accent-hedi-slimane-rebrand/.

specifically its role in aiding in Canada's formation. This has helped and hindered the company—notably in its acquisition of Quebec-based store, Morgan's—as it has attempted domestic success.[6]

The first definition of a brand connects to physical products. A brand was a symbol or name that was placed on a product, like a vase or livestock, to signify its creator or owner.[7] In this sense, products could not be misidentified or claimed as another vendor's property. Philip Kotler used this traditional understanding to argue that a brand "is a name, term, sign, symbol or design, or a combination of these, which is intended to identify the goods or services of one group of sellers and differentiate them from those of competitors."[8] With this view, the brand is not much more than telling the customer who made the product and possibly where it was made.[9]

Kotler distinguished two subset brand ideas within his main definition: brand name and brand mark. A brand name is a brand identifier that can be spoken. For example, Coca-Cola, Apple, and Google are well-known brand names. When heard, they are immediately associated with their brand identity even if there are no supporting visual or auditory cues.[10] A brand mark is a visual element that cannot be spoken, "such as a symbol, design, or distinctive coloring or lettering."[11] Examples of brand marks are the World Wildlife Fund for Nature's panda, the Rolling Stones' tongue and lips, and the golden arches of McDonald's. Brand name and brand mark work together to create a cohesive auditory and physical representation of a brand's identity.

Richard Koch's definition of a brand bridged a physical understanding of a brand to an ideological one. For Koch, a brand was "a visual design and/or name that is given to a product or

[6] See Chapter 12 for more on the HBC's acquisition of Morgan's.
[7] Stephen Coomber, *Branding* (Oxford, United Kingdom: Capstone Publishing, 2002), 8-9. For livestock branding, it also aided in distinguishing missing, stolen or lost animals.
[8] Philip Kotler, *Marketing Management: Analysis, Planning, and Control* (Englewood Cliffs, New Jersey: Prentice-Hall, 1980), 366.
[9] Coomber, *Branding*, 9.
[10] Kotler, *Marketing Management*, 366.
[11] Ibid.

service by an organization in order to differentiate it from competing products and which assures consumers that the product will be of high and consistent quality."[12] In Koch's definition, there was an emphasis on "differentiation."[13] A brand can elevate a product and a company above a rival if the brand adheres to qualities that are specific to it and it alone. There is a relationship aspect between the consumer and the vendor that was not expressed in the previous definitions. Quality and consistency become a promise that customers expect, or they will purchase from a company that meets their standards and expectations.

Ideologically, a brand can encompass every interaction within a company. These include how employees work together, present themselves and relate to customers, how customers interact with the brand in-person or online, how other industry leaders perceive the brand, and how well all the parties involved represent a company's values and identity. Customer-brand interaction is crucial because it can influence how the public internalizes information about products and companies. In instances where customers do not know a lot about a particular product, a strong brand can encourage them to buy a brand name product that they recognize even if they have never tried that particular product from that brand. This would be the equivalent of buying Adidas dress shoes versus a lesser-known brand of dress shoes because a customer recognizes the Adidas brand and what it stands for, despite the brand not specializing in dress shoes.

Brands are further complicated by their various forms: 1) product brands; 2) service brands; 3) personal brands; 4) organizational brands; 5) event brands; 6) geographical brands; and 7) nation brands.[14] Product brands are merchandise identified by a brand marker, as discussed previously. A service brand is when a brand is not attached to a product but to the service it provides. For

[12] Coomber, *Branding*, 9.
[13] Ibid.
[14] Ibid., 10-11.

example, FedEx is associated with its function as a postal delivery service. Personal brands are when a person is the brand, like Michael Jordan or Kim Kardashian.[15] Organizational brands can be political parties, religions or charity brands that have their brand identity transcend their products or services. They merge their brand into their organization and allow it to function at the core of the company's operations. Event brands, like the Olympics, are events that transcend their purpose—sports, art, concerts—and become a brand in their own right.[16] A geographical brand can apply to a city, country or region, usually to fund the tourism industry, but not exclusively. Lastly, nation branding is "the total sum of all perception of a nation…which may contain…people, place, culture/language, history, food, fashion, famous faces (celebrities), [and] global brands."[17]

Different brand forms can be used together during marketing campaigns to create an even stronger brand identity for one or multiple brands. In 2018, Coca-Cola enlisted international K-pop sensation BTS as brand ambassadors leading up to the FIFA World Cup—which Coca-Cola sponsored.[18] This triad linked a product brand, an event brand, and a personal brand, using the star-power of each to enhance all three. Another instance of brand combining is Hudson's Bay's collaboration with the Canadian Olympic Team. In this instance, product, event, and national branding worked in tandem to strengthen the appeal and 'Canadianness' of Canada's Olympic

[15] Social media has contributed to a rise in self-branding. Audiences trust social media influencers who have honed "their key identifying attributes" and subsequently push them at viewers as part of a branded strategy. Chih-Ping Chen, "Exploring Personal Branding on YouTube," *Journal of Internet Commerce* 12, no. 4 (2013): 334.
[16] Coomber, *Branding*, 10-11.
[17] Ying Fan, "Branding the Nation: Towards a Better Understanding," *Place Branding & Public Diplomacy* 6, no. 2 (2010): 98.
[18] Emma Kelly, "BTS Are All Set for the World Cup as They Party in New Coca-Cola Campaign," *Metro*, May 16, 2018, https://metro.co.uk/2018/05/16/bts-set-world-cup-party-new-coca-cola-campaign-7549933/; "K-pop stars BTS to model for Coca-Cola at FIFA World Cup," *CTV News*, April 30, 2018, https://www.ctvnews.ca/entertainment/k-pop-stars-bts-to-model-for-coca-cola-at-fifa-world-cup-1.3907970.

team.[19] Thus, stacking different brand types enables access to and awareness of new demographics with another established brand's support.

From 1875 to 1914, department store management was quite active in product branding as this process became more common. During this time, particularly in Britain, the "distributive trades" were transforming much as the manufacturing sector had done during the Industrial Revolution.[20] Branded manufacturer products and advertising from product producers affected the retailer's role in the retail and distribution chain.[21] In tandem with the expansion of transportation networks and the possibility of chain stores, department store leaders were poised to reach a wider range of customers and had the opportunity to present their wares as distinctive.[22] Branded manufacturer products and department store attention to branding were on course for a collision.

The first step in establishing a new product brand in consumer minds is a product name. Because of department stores, goods from across the world were being introduced into foreign and domestic markets on a more frequent basis. To 'discuss' merchandise with customers, products required appealing and easily remembered names that differentiated one good from another. For example, tlilxochitl had been renamed 'vanilla' when the Spanish imported it from South America.[23] When vanilla became commercially available, manufacturers and retailers viewed that name as less intimidating than the original Aztecan term. Once a name attained commercial value, the product tended to receive consumer acceptability.[24] Intrinsic value has been tied to a product's ability to be identified conveniently. Thus, if consumers viewed a product as unappealing, retailers

[19] "Hudson's Bay," Canadian Olympic Committee.
[20] Alexander and Akehurst, "Introduction," 6.
[21] Ibid.
[22] Benson, "The North American Scene," 41.
[23] Donovan S. Correll, "Vanilla Its Botany, History, Cultivation and Economic Impact," *Economic Botany* 7, no. 4 (Oct.-Dec. 1953): 295. Etymologically, 'tlilxochitl' comes from the Aztec words 'tlilli,' which means 'black' and 'xochitl,' which means 'pod' in this instance.
[24] Cox, *The Complete Tradesman*, 201.

and manufacturers had a difficult time transforming a good's "intrinsic appeal…into actual appeal."[25]

In the United States, brand naming started to gain prominence in the 1880s since soap manufacturers like Ivory, Pears, and Colgate needed to distinguish their goods from competitors on store shelves.[26] A well-named product had the potential to churn more profit than one that was misnamed since these names garnered "a special type of [positive] recognition."[27] By the 1920s, the advancement of mass-production methods made branding a necessity to combat a flooded consumer market.[28] Moreover, these brands became the "semiotic fuel that propelled [a retailer's] corporate identity" and became the crux of a company's business.[29]

Most brand names are uncomplicated and named with a particular attribute in mind. Semiotics researcher Marcel Danesi outlined five categories that companies use to refine a product name. The categories are: 1) named after the manufacturer, like Armani, Stradivarius, or Ferrari; 2) named after a fictional character, like Betty Crocker or Barbie; 3) named after a descriptor, like Air Fresh or Bug Off; 4) named after a suggestive trait, like Mountain Dew summoning the qualities of nature or PlayStation's association with play; and 5) named symbolically by using letters, numbers, and other symbols, like Xbox, iPod, or Cheez Whiz.[30] Using these techniques, a

[25] J. Cameron Verhaal, Olga M. Khessina, and Stanislav D. Dobrev, "Oppositional Product Names, Organizational Identities, and Product Appeal," *Organizational Science* 26, no. 5 (Sept/Oct 2015): 1467.
[26] Marcel Danesi, "What's in a Brand Name? A Note on the Onomastics of Brand Naming," *Names* 59, no. 3 (September 2011): 176. Marketing historians consider Ivory to be the first branded soap—dating back to 1882.
[27] Danesi, "What's in a Brand Name?" 177. Consumers often infer nutritional data from food product names versus product ingredients, portions size or appearance, leading to ambiguity surrounding healthy food choices. Moreover, altering the name of an unhealthy product to a healthier name, such as selling milkshakes as 'smoothies,' can influence public minds to believe a product is healthier and worse tasting even if it's not. See also Caglar Irmak, Beth Vallen, and Stefanie Rosen Robinson, "The Impact of Product Name on Dieters' and Nondieters' Food Evaluations and Consumption," *Journal of Consumer Research* 38 (August 2011): 390-405 and Jan Tent, "Out-of-the-blue Names of Paint Colors," *Names* 66, no. 1 (March 2018): 25-35.
[28] Danesi, "What's in a Brand Name?" 177.
[29] Ibid.
[30] Ibid., 178-184.

brand or product name can be imbued with its associated traits to correlate, in the minds of consumers, the company's values with that brand.

In the post-1930s retail world, instead of advertising specific items, many businesses and advertising firms began creating customer-orientated ads that were focused on brand names.[31] This contributed to national brands.[32] These advertisements used brand marks from product packaging to propagate the visual aspects of a brand. For department stores, a greater public knowledge of certain national and international branded products meant that their goods were, hopefully, going to be purchased. However, it could also erode store loyalty.

In some locales, manufacturer pre-retailing took the marketing capabilities of branded products out of department store leaders' hands since manufacturers "prepackaged, prepriced, [and] preguaranteed" their products regardless of what retail establishment sold them.[33] To combat this problem, department store management began to launch and hone branded products of their own and used them to maintain store loyalty.[34] Store brands allowed store leaders to regain some control over the pricing of these items since competitors could not sell them.[35] Stores had to keep up the promotion of their brands otherwise, their branded products or lines were vulnerable to the national pre-retailing campaigns of manufacturers.[36]

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[31] Weber, "Selling Dreams," 175.
[32] Pasdermadjian, *The Department Store*, 46.
[33] Perry Bliss, "Preretailing and Consumer Buying Patterns Over Time," *Journal of Marketing* 21, no. 1 (July 1956): 83; Moyer and Snyder, *Trends in Canadian Marketing*, 106, 116-118; Howard, *From Main Street to Mall*, 182-183; Drew-Bear, *Mass Merchandising*, 19. In the United States, fair trade laws were meant to control price variation and price maintenance between stores. Fair trade applied to "products with trademarks or brand names that were 'in "free and open competition" with similar goods on the market,' [and made] restrictions that limited its application to between 4 and 20 percent of total retail sales." Some American retailers resisted these laws since they ossified their retail margins and sought loopholes through the legislation.
[34] Moyer and Snyder, *Trends in Canadian Marketing*, 106.
[35] Perry Bliss, "Price Determination at the Department-Store Level," *Journal of Marketing* 17, no. 1 (July 1952): 44-45.
[36] Ronald D. Michman and Alan J. Greco, *Retailing Triumphs and Blunders: Victims of Competition in the New Age of Marketing Management* (Westport, Connecticut: Quorum Books, 1995), 15.

By the 1960s, Hudson's Bay management had established a system for classifying its brands.[37] The company issued the Marketing Manager (Brands) at each store with a Company Merchandise Identification Manual, or Manual 18, as an "authoritative outline of the policies relating to Company brands, labels and packaging."[38] The guide's goal was to teach store personnel how branded products could allow Hudson's Bay to be associated with a "high percentage of all items sold" in their stores via labelling and packaging.[39] Specifically, company leaders tracked national brands that excelled in particular merchandise sectors and aspired to develop their own products in those areas. While the company promoted national brands, it never allowed those products to have greater promotional precedence than their own brands.[40]

Manual 18 divided company brands into two main categories: program lines and label lines.[41] Program lines were "any item(s) manufactured to approved specification and [bore the] Company name and [was] available on a Company wide basis."[42] Label lines were products "bought on an individual store basis and [bore the] Company name."[43] Program lines always superseded label lines. For instance, if there was only one type of item carried in a store's merchandise assortment—one type of soap, for example—that soap had to be from a program line

[37] Depending on the store, branded products are commonly referred to as 'private brands,' 'company brands,' 'a housemark,' 'private label,' 'in-house brands,' or 'house brands.' This thesis will use these terms interchangeably.
[38] Hudson's Bay Company Archives, Archives of Manitoba, Records regarding private brands, Manual 18. Company merchandise identification, 1967, RG2/67/11.
[39] HBCA, Records regarding private brands, Manual 18. Company merchandise identification; Hudson's Bay Company Archives, Archives of Manitoba, Records regarding private brands, Manual 18. Merchandise brands & labels, 1968, RG2/67/12.
[40] HBCA, Records regarding private brands, Manual 18. Company merchandise identification.
[41] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 135: Preparatory Merchandising Course, Bay Brands, 1982, H2-238-5-1. There was an additional category called 'stencil lines.' A stencil line consisted of merchandise that's quality or feature control was not determined by Hudson's Bay management and was not exclusive to their stores. Stencil line products had Hudson's Bay labels and manufacturer labels to "associate the Bay name with prestige manufacturers." At times, it also hid the identity of a manufacturer if merchandise was "bought at special low cost," or helped those foreign company's who had limited brand recognition in Canada by associating them with the Hudson's Bay name.
[42] HBCA, Records regarding private brands, Manual 18. Company merchandise identification.
[43] Ibid. The focus of this chapter will be on program lines due to their increased consistency between stores.

instead of a label line.[44] Plus, program lines were featured and priced better than label lines on a daily basis.[45] In 1968, Manual 18 listed the following objectives for Hudson's Bay company brands:

1. Enhance the Company's image through [their] own identification.
2. Utilize [the lines] to advantage the Company's buying power.
3. Develop distinction in [their] assortments.
4. Encourage new customers.
5. Keep established customers coming back.
6. Meet the competition of other private brands and national brands.
7. Have control of pricing and selling practices.
8. [Have brands] become an integral part of regular assortments.
9. Result in profitable sales.[46]

To reach these objectives, goods needed to undergo an extensive research and development process before they could be cleared for a particular brand name. Thus, management's first step was to identify products that had the potential to aid in store profitability. Finding these products was the Marketing Manager (Brands) chief responsibility. However, any person involved in merchandising at Hudson's Bay was allowed to recommend products for company brand expansion.[47] The Marketing Manager (Brands) also expedited the "development of a greater number" of brands and later enforced store participation in pushing those brands to the public before other goods.[48] The manager determined a good's potential by weighing it against a baseline criterion:

1. Clearly recognizable customer benefits over competing brands.
2. Keep [the company] competitive or develop an advantage over competitors.
3. Acceptable and controllable quality.
4. At acceptable retail [price] levels.
5. Volume potential.
6. Continuing appeal/demand.
7. Advantageous buying arrangements.

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[44] HBCA, Records regarding private brands, Manual 18. Company merchandise identification.
[45] HBCA, Records regarding private brands, Manual 18. Merchandise brands & labels.
[46] Ibid. These objectives were continuously refined and altered by company executives throughout the 1970s and 1980s.
[47] HBCA, Records regarding private brands, Manual 18. Company merchandise identification.
[48] HBCA, Records regarding private brands, Manual 18. Merchandise brands & labels.

8. Good turnover opportunities.
9. Satisfactory markup and can be expected to result in profitability.[49]

The company did not expect products to satisfy all the criteria, but the items that satisfied the most criteria had greater odds of commercial success. Once the Marketing Manager (Brands) had established a preliminary list of suitable products, it was the Chairman of the Coordinated Buying Committee's job to endorse and advise on which products should be developed and what assortment would best suit the merchandise in question.[50]

The company needed products that were inherently superior to their competitors or, at the least, able to compete fairly in quality and value with well-known national brands. To achieve this, many department stores used laboratory testing. During the mid-1970s, Hudson's Bay leaders employed Technical Service Laboratories, Toronto as its primary outside testing facility.[51] Laboratory testing ensured that the companies could hold manufacturers to their product claims, ensure quality and safety for customers, and decipher which specifications were ideal for competition with prominent national or international brands.[52] Management expanded product tests to all merchandise departments and included goods as diverse as pyjamas and freezers.[53]

In a notable soap bar and cake lab test, Baycrest, Palmolive, Colgate, Dial, and Dove were tested for "cleansing ability, lathering grittiness and milling (rate of consumption)."[54] The products were within a $0.13 range of one another. Dove was the most expensive at $0.48 per bar, and

[49] HBCA, Records regarding private brands, Manual 18. Merchandise brands & labels.
[50] Ibid. The Coordinated Buying Committee members would be those responsible for the "actual development of the items and negotiation with the suppliers."
[51] Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 41: Trademarks - Company Brands, 1972-1977, H2-246-5-2. American company Consumer Testing Service Inc., New York was an AMC testing laboratory that was used for pantyhose.
[52] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 135: Preparatory Merchandising Course, Bay Brands. By 1982, the company used the Retail Research Foundation of Canada for their quality control tests. The Foundation was established in "the mid-seventies by several retailers, including the Bay, all of whom required a reliable, unbiased testing facility."
[53] HBCA, The Bay executive office files, File 41: Trademarks - Company Brands.
[54] Ibid.

Palmolive was the least at $0.33 per bar. The bars and cakes were varied in weight, with an average of 124 grams (g) per bar.[55] Baycrest weighed the most—154g per bar—and Palmolive and Colgate weighed the least—94g per bar. Despite offering the greatest bulk of product, Baycrest did not achieve first place in any of the testing categories.[56] After receiving this result, the company considered a change of supplier to Twincraft, Montreal, noted soap supplier for Bloomingdale's private brand soap.[57]

Product testing was not inexpensive. In 1976, the HBC was spending $20,000 per year, solely on testing its Baycrest brand merchandise.[58] Therefore, the testing results needed to be strongly considered when building a product brand. For instance, men's dress shirts bearing the Baycrest label were the result of lab testing. Once the lab had compiled a list of the best features from all the major national brands and private brands, Hudson's Bay leaders combined the features "to update the specifications for Baycrest shirts." It allowed their shirts to become the highest-ranked, best value shirt, "comparable in features, construction, and quality to shirts costing twice as much."[59] Another example is with the Baycrest Toaster Oven. When the supplier's toaster oven demonstrated a faulty thermostat, the company negotiated with the "supplier to build a Baycrest toaster oven" identical to the supplier's highest-rated model, except utilizing Baycrest cosmetic packaging and "a more expensive, heavy duty and more precise thermostat."[60] In essence, the product was improved, repackaged, and sold for less under the Baycrest name even if the bones of the product were nearly indistinguishable from the supplier's top-rated model.[61]

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[55] HBCA, The Bay executive office files, File 41: Trademarks - Company Brands.
[56] Ibid. Overall, Dove was seen as the first-place product throughout the tests.
[57] Ibid.
[58] Ibid.
[59] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 135: Preparatory Merchandising Course, Bay Brands.
[60] Ibid.
[61] Ibid. Products were continuously reviewed for quality control on an appropriate basis.

If a product passed its testing, the company established an appropriate name, price category, and visual design for the brand. Hudson's Bay management was inconsistent with its branded products' physical appearance. Manual 18 outlines a number of noticeable variations. Even the company logo could vary in colour depending on the product. Font ranged from gold to black to blue in colour. The company's coat of arms lacked consistent dyeing. Added embroidery, like swirls or a child's face, appeared on some labels. Others had extended text under the logo, designating department or simply doubling the company's name. Typeface changed depending on the chosen brand name.[62] Company brand names were in constant flux. Hudson's Bay leaders would frequently retire older names and introduce new ones that better suited their merchandising needs. In a snapshot from 1960 to 1980, some Hudson's Bay company brands included: Baycrest, The Bay, Hudson's Bay, Hudson's Bay Company, H B C, Morgan's, AMC/AMW Brands, Dumai, Little Rascals, Lifestyler, Baymart, Beaumark, Duramark, O.K., Pennywise, Morgan's Own, Fashionpoint, Lady Hudson, Babycrest, H.B., Gold Label, Da Vinci, Voyageur, Hudson Manor, Governor's Table, and Speed King.[63] It was not uncommon for a department store to display goods with numerous company brands. Since 1926, Dupuis Frères had established 'Duprex' as one of their private brands. Éclipse, Aristo Design et Boucan, Madeleine de Verchères, D.F., Dupuis pour

[62] Hudson's Bay Company Archives, Archives of Manitoba, Records regarding private brands, Manual 18. Merchandise identification, 1970-1971, RG2/67/13.
[63] HBCA, Records regarding private brands, Manual 18. Company merchandise identification; HBCA, Records regarding private brands, Manual 18. Merchandise brands & labels; HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 135: Preparatory Merchandising Course, Bay Brands; Hudson's Bay Company Archives, Archives of Manitoba, Records regarding private brands, Company brands, June 1967, RG2/67/8. In Quebec, 'The Bay' was called 'La Baie' and 'Morgan's' was called 'Morgan.' 'Beaumark' and 'Duramark' were also available in Simpson's locations following Hudson's Bay Company's acquisition of the store. 'Beaumark' and 'Duramark' were considered private corporate brands because they were exclusive to the Hudson's Bay Company corporation, not only Hudson's Bay stores. This list included Hudson's Bay's sub-company brands and is not exhaustive.

elle, Dupuis pour lui, Collection D, and Au petit Napoléon, were later introduced to diversify its private brands in sectors ranging from men's wear to confectionary.[64]

At Hudson's Bay, price was a prominent factor in determining which brand name management would use on which products. 'Hudson's Bay Company' was considered the elite company brand, whose name and label incorporated the company's crest and was only affixed to items in prestige and high-price lines.[65] 'Baymart' was the budget company brand only located in Hudson's Bay's budget stores.[66] A store's location was another factor in determining the company brands it offered. 'Morgan's' was used for multiple price lines, but only by stores located in Montreal or Ottawa.[67]

Department store leaders could see great success with certain private brands if they adequately filled a desired consumer niche. In the 1980s, Little Rascals was one of the most successful Hudson's Bay private brands. Little Rascals specialized in children's wear, a consumer sector that had not been monopolized by a large national brand or alternative company brand at the time. Intending to become a "dominant force in the children's wear market," Hudson's Bay executives conducted market research and found that "no children's wear brand scored better than 4% on customer recognition."[68] This meant that a private brand would be able to compete in the market since there was no "dominant brand to overcome." It was a "gigantic opportunity to take advantage of the void" and become the first company to receive recognition for its children's wear products.[69] Using their market research, company management determined the traits customers

[64] Élizabeth Gagné, "Marque de commerce," Le Magasin de Peuple, Dupuis Frères Limitée, accessed June 23, 2020, http://experience.hec.ca/dupuis_et_freres/marketing/marque-de-commerce/.
[65] HBCA, Records regarding private brands, Manual 18. Merchandise identification.
[66] Ibid.
[67] Ibid; HBCA, Records regarding private brands, Manual 18. Merchandise brands & labels; HBCA, Records regarding private brands, Manual 18. Company merchandise identification.
[68] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 135: Preparatory Merchandising Course, Bay Brands.
[69] Ibid.

sought in their children's goods, allowing Hudson's Bay to position Little Rascals at "the right price with the right fashion," thus triggering consumer interest and a willingness to spend.[70]

Despite its extensive private brand collection, Hudson's Bay's company brands were not a universal success. The extensive number of private brands started to work against the company by the 1980s. From August to September of 1980, Hudson's Bay leaders reconsidered their approach to private branding. They recognized that primary rival stores—Sears, Eaton's, J.C. Penney, Marks & Spencer, Montgomery Ward, Macy's, and Bloomingdale's—were using their private brands with greater overall success than Hudson's Bay.[71] Firstly, the sheer number of similarly named company brands at Hudson's Bay, like Baycrest and Baymart, created consumer confusion because the names lacked distinction.[72] Other stores, for example, J.C. Penney and Macy's, used a single name for all their branded products, allowing for maximum brand recognition and simplicity.[73] Secondly, outside product testing had become too expensive. Hudson's Bay leaders maintained a policy where all goods were tested by the Retail Research Foundation of Canada (RRF) and carried its seal of approval. However, RRF's seal was not exclusive to Hudson's Bay approved merchandise. Most competitors had abandoned any outside seal of approval since they intended to keep the focus on the merchandise and the store that sold it.[74] Lastly, Hudson's Bay's system of approving and selling branded merchandise had become so complex from merchant to salesperson that it was easier not to administer brands. The company needed to take better control

[70] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 135: Preparatory Merchandising Course, Bay Brands.
[71] Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 285: Brand Marketing, 1979-1980 (1/2), 1979-1980, H2-247-4-5.
[72] HBCA, The Bay executive office files, File 285: Brand Marketing, 1979-1980 (1/2).
[73] Ibid.
[74] Ibid.

of its financial and conceptual brand programs and quality standards, to operate a successful brand program.[75]

Throughout the 1990s and 2000s, the number of Hudson's Bay private brands fluctuated.[76] As of June 2020, Hudson's Bay's offers twelve company brands to its customers: HBC Stripes, for products adorned with "a classic symbol of Canadian heritage and pride," the Multistripe; Core Life, men's and women's casual wear; En Thread, men's and women's modern work-wear; 1670, men's work and dress clothes; Lord & Taylor, women's dress and casual dress styles; Design Lab, women's fast-fashion styles; Black Brown 1826, men's dress and casual dress styles; Les Essentiels, beauty and skincare; Distinctly Home, home furnishings; Boutique by Distinctly Home, "design-forward" home décor; Kode, contemporary interior design furnishings; and Gluckstein Home, interior design pieces created by Canadian designer Brian Gluckstein.[77] HBC Stripes is the most recognizable of these brands since its navy, yellow, red, and green colouring—known as the Multistripe—is heavily advertised in the company's marketing campaigns. Moreover, the Multistripe's significance extends from the company's product branding into its ideological branding, brand image, and identity. Outside of Les Essentiels, which uses the Multistripe in its packaging, the other brands lack identifying features in their labelling or packaging that could presuppose an automatic link between them and the company.

Conceptually, ideological branding differs from product branding because it is concerned with the characteristics that differentiate a company from its competitors. Inherently, this could

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[75] HBCA, The Bay executive office files, File 285: Brand Marketing, 1979-1980 (1/2).

[76] "About HBC – HBC Facts," Hudson's Bay Company, accessed June 23, 2020, http://www2.hbc.com/hbc/about/business/hbc/. In the early- to mid-2000s, Hudson's Bay Company had accumulated thirty-eight private brands across its marquees: 317, Ascent, Beaumark, Carroll Reed, Christmas Street, Christopher Rand, Essential Needs, Everything Under the Sun, Fair Set, Get Sorted, Gianni Filacci, Global Mind, Governor's Table, Grenadier, HBC Signature, Holiday Joy, Home Outfitters, Home Studio, HomeStyles, Home Value, Hunt Club, Mantles, Market Square, Maxfield, Misakai, My Favourite Place, Outdoor Living, Outline, Paper Plus, Sportek, ToGo, Transitions, Truly, Versailles, Vibration, Victory Gardens, Winkz, and Work Centre.

[77] "Exclusively Ours," Hudson's Bay, accessed June 23, 2020, https://www.thebay.com/editorial/private-brands.

include the physical products it offers. However, there is a greater focus on a business' appeal and attributes as a whole, including company identifiers—like logos, company colours or nameplates—company values and ideologies, and public perception of the company.[78] Together, these attributes help to construct a company's brand, its identity in the retail marketplace.

A mixture of "tangible and intangible attributes" allows businesses to create corporate identities.[79] Tangible elements reflect a retail store's physical characteristics, such as its aesthetic, products, uniforms, and various other company identifiers. Its intangible aspects are those things that cannot be seen but heavily influence the structure and atmosphere of a store, such as staff behaviour or corporate philosophy.[80] These tangible and intangible traits help to create a brand that aids a company in finding retail success and increasing its corporate value.[81] A brand's principal intangibility is what gives it the potential to penetrate numerous markets. With increased internationalization, a brand with a strong enough identity can create high brand value in locations that are far-flung from a company's place of origin.[82] Therefore, businesses that "leverage the equity—values, beliefs, and perceptions—" of their brand can become 'weightless' and exist in all matter of retail environments without alienating customers with products or services that do not align with a company's established image.[83]

Organizational theorist D.A. Aaker argued that a consumer's knowledge of a brand is linked to four associative characteristics: product associations, organization associations, brand

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[78] Other attributes include corporate culture, mission, and business structure, among others.
[79] Veronika V. Tarnovskaya and Leslie de Chernatony, "Internalising a Brand Across Cultures: The Case of IKEA," *International Journal of Retail & Distribution Management* 39, no. 8 (January 2011): 599.
[80] Tarnovskaya and Chernatony, "Internalising a Brand Across Cultures," 599-600.
[81] Maria Sääksjärvi and Saeed Samiee, "Relationships Among Brand Identity, Brand Image and Brand Preference: Differences Between Cyber and Extension Retail Brands Over Time," *Journal of Interactive Marketing* 25, no. 3 (August 2011): 169.
[82] Ihn Hee Chung, "The Recognition of Italian Fashion Brands and the Perception of Italian Fashion Image in Korea," *International Journal of Management Cases* 13, no. 4 (December 2011): 87.
[83] Marcel Marantz, "Evaluating Department Store Advertising," *Journal of Advertising Research* 7, no. 1 (March 1967): 110.

personality, and symbol associations.[84] Of these four, symbol association is beneficial in raising brand awareness.[85] Symbol association is important because a "brand's worth is intimately tied to consumer reactions" towards a business' products or services.[86] Consumer brand image (CBI), rather broadly, refers to this consumer association.[87]

K.L. Keller's view of CBI links to Aaker's in claiming that a company's products, its actions and its communication towards consumers are gateways for customers to judge a company's reputation.[88] For consumers, the challenge of consumer judgement is that they can be held to an ideal image that varies among persons. Plus, individuals are more likely to weigh competing brands against their preferred brand if they assume that their preferred brand is the most 'ideal' of the brands available to them.[89] When a company gains consumer brand loyalty, it is important to safeguard its identity. Corporate identity is a "negotiable commodity" that rival stores can easily appropriate and this can shake up customer loyalty. [90] Management at British department store Marshall & Snelgrove built the store's identity around a leisurely atmosphere and dedication to servicing older female clientele. These traits became particularly attractive for the company when it negotiated an amalgamation with Debenhams in 1918.[91] Its identity was an asset. In this

[84] Pao-Long Chang and Ming-Hua Chieng, "Building Consumer-Brand Relationship: A Cross-Cultural Experiential View," *Psychology & Marketing* 23, no. 11 (November 2006): 929-930.
[85] Chang and Chieng, "Building Consumer-Brand Relationship," 930.
[86] Sääksjärvi and Samiee, "Relationships Among Brand Identity, Brand Image and Brand Preference," 169.
[87] Sharifah Faridah Syed Alwi and Rui Vinhas Da Silva, "Online and Offline Corporate Brand Images: Do They Differ?" *Corporate Reputation Review* 10, no. 4 (Winter 2007): 219.
[88] K.L. Keller, "Building and Managing Corporate Brand Equity," in *The Expressive Organization: Linking Identity, Reputation and the Corporate Brand*, ed. M. Schultz, M.J. Hatch, and M.H. Larson (Oxford: Oxford University Press, 2000), 118.
[89] Thomas R. Wotruba and Joseph S. Breeden, "The Ideal Company Image and Self-Image Congruence," *Journal of Business Research* 1, no. 2 (September 1973): 166-167.
[90] Ashmore, "Extinction and Evolution," 56.
[91] Ibid. Marshall & Snelgrove executives sought the amalgamation with Debenhams to avoid further financial difficulties.

example, the brand encompasses the total experience of a store, where customers can always expect a brand to feel like itself, regardless of its medium, online or in-person.[92]

A department store's flagship location served as the benchmark for what consumers could expect from a store's identity, especially in terms of retail identifiers.[93] This did not always translate to architecture and interior design originally but became crucial for department stores that developed into chains since every store endeavoured to look like its sister stores.[94] Department store leaders intended suburban stores to adapt to a city image, yet the elaborate fashion-forward style of a downtown department store did not find a footing in the suburbs.[95] Branch stores tended to tone down their formality, dispelling the fashion and broad appeal of their flagship stores in favour of comfortability and matching the 'suburban wife's lifestyle.'[96]

Two leading identifying features of all brands are the logo and name. Logos provide the public with a visual memory association to a company or a product through a symbol or image. A visually strong brand can translate a company's message without recourse to text, like Nike's swoosh, Twitter's Twitter bird, or Apple's bitten apple.[97] A logo tends to be a consumer's first introduction to a business' aesthetic, whether on a store banner, product package, or advertisement. To this end, logo design is an expensive and important aspect of brand image. P.W. Henderson and J.A. Cote suggested a range of visual criteria that frequently reoccur in logo design, including "naturalness, harmony, elaborateness, parallelism, repetition, proportion, and shape."[98] Colour is an element that varies in reception depending on locale due to existing associative symbolic

[92] Sauer and Burton, "Is There a Place for Department Stores on the Internet?" 389.
[93] Howard, *From Main Street to Mall*, 136.
[94] See Chapter 5 for more on department stores, architecture, and interior design.
[95] Rich and Portis, "The 'Imageries' of Department Stores," 15.
[96] Ibid.
[97] Michael F. Walsh, Karen Page Winterich, and Vikas Mittal, "Do Logo Redesigns Help or Hurt Your Brand? The Role of Brand Commitment," *Journal of Product & Brand Management* 19, no. 2 (January 2010): 76-77.
[98] Walsh, Winterich, and Mittal, "Do Logo Redesigns Help or Hurt Your Brand?" 77.

meanings.[99] Using the correct combination of features can help gain greater brand equity and exact a positive effect on customers.[100]

A successful brand may endure for decades, overcoming the challenges of mergers, market share decrease, increased competition, or inefficient management.[101] Rebranding is the process of company reinvention in terms of introducing "a new name, term, symbol or design or a combination" of these to overcome a potential challenge or seek a rejuvenation that can modernize a brand.[102] It is more difficult for a name to be rebranded than a logo because a name rebrand is often an evolutionary versus a revolutionary change.[103] On the one hand, an evolutionary change does not need to impact the entire company's identity, only a design element of its image. On the other hand, revolutionary changes disrupt a company's identity and may "radical[ly] or fundamentally redefine [a] company."[104] Thus, businesses need to refresh their image via an evolutionary change "without diminishing the perceived heritage of [their] brand."[105]

The disadvantage to rebranding is that it jeopardizes consumer commitment. Consumer commitment develops gradually and fosters a personal connection between consumers and brands or products.[106] Also, introducing a wholly new logo does not erase the old logo from consumer minds; adjustments are different. Changing a logo too much can "annoy consumers or spoil the image" that they have preserved of the company, whereas small changes may be seen as

[99] See Chapter 9 for more on the department store, colour theory, and display tactics.
[100] Mark Peterson, Saleh AlShebil, and Melissa Bishop, "Cognitive and Emotional Processing of Brand Logo Changes," *Journal of Product & Brand Management* 24, no. 7 (2015): 746.
[101] Brigitte Müller, Bruno Kocher, and Antoine Crettaz, "The Effects of Visual Rejuvenation Through Brand Logo," *Journal of Business Research* 66, no. 1 (January 2013): 82.
[102] Müller, Kocher, and Crettaz, "The Effects of Visual Rejuvenation Through Brand Logo," 83; Subhadip Roy and Soumya Sarkar, "To Brand or to Rebrand: Investigating the Effects of Rebranding on Brand Equity and Consumer Attitudes," *Journal of Brand Management* 22, no. 4 (May 2015): 342.
[103] Peterson, AlShebil, and Bishop, "Cognitive and Emotional Processing of Brand Logo Changes," 745.
[104] Roy and Sarkar, "To Brand or to Rebrand," 343-344.
[105] Peterson, AlShebil, and Bishop, "Cognitive and Emotional Processing of Brand Logo Changes," 745.
[106] Walsh, Winterich, and Mittal, "Do Logo Redesigns Help or Hurt Your Brand?" 78.

insignificant and cause the rebranding to miss its chance to instill a new agenda.[107] Thus, the frequency of a logo redesign and the design elements need to be considered to avoid expensive failures and public backlash. Pepsi's 2008 rebrand was the company's eleventh redesign in one-hundred and ten years and cost over one million dollars.[108] Italian-American eatery Olive Garden faced social media backlash when its modernization attempt alienated its consumer base; Tropicana saw a twenty percent decrease in sales over one month when it unveiled a new "cold-looking" and "generic" logo, and Sears' new 2019 logo was criticized for its similarity to Airbnb and general lack of brand congruity.[109] On the whole, consumers prefer minimal logo changes, and those customers who are dedicated to a brand are more likely to view any change more negatively.[110]

Hudson's Bay management has instituted two major rebranding efforts. From 1670 to 1965, the company used the name 'Hudson's Bay Company' as its primary retail marquee, accompanied by its official coat of arms.[111] The typeface was 'Blackletter,' a popular Gothic-style script that was consistent in the company's image since its incorporation. The advantage of this traditional aesthetic was uniqueness. Other stores did not use a similar typeface. It was also

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[107] Müller, Kocher, and Crettaz, "The Effects of Visual Rejuvenation Through Brand Logo," 83.
[108] Natalie Zmuda, "What Went into the Updated Pepsi Logo; Experts Estimate Cost to Roll Out New Look in the Hundreds of Millions," *Advertising Age* 79, no. 40 (October 27, 2008): 6.
[109] Peterson, AlShebil, and Bishop, "Cognitive and Emotional Processing of Brand Logo Changes," 746; Warren Shoulberg, "The Shameless Sears World of Eddie Lampert Continues," *Forbes*, June 3, 2019, https://www.forbes.com/sites/warrenshoulberg/2019/06/03/the-shameless-sears-world-of-eddie-lampert-continues/#601e8eeb1fd6; Matt Lavietes, "Sears Wanted its New Logo to Make People Think of Home and Heart, Instead Store are Thinking About Airbnb," *CNBC*, May 8, 2019, https://www.cnbc.com/2019/05/08/sears-unveils-a-new-logo-as-it-tries-to-boost-its-business.html.
[110] Peterson, AlShebil, and Bishop, "Cognitive and Emotional Processing of Brand Logo Changes," 746.
[111] 'Hudson's Bay Company' was carried over from the company's fur trading and mercantile enterprises.

"indicative of Hudson's Bay Company['s] tradition and history."[112] Yet, the font was not easily read at a distance and, to some, it felt "archaic when viewed in [a] modern context."[113]

As the company became more retail focused throughout the 1900s, the name and font had become inconsistent with its branding. A 1964 company manual on company name identification outlined eight marquees or abbreviations used by the company:

1. The Governor and Company of Adventurers of England Trading into Hudson's Bay, the company's formal name: only to be used "in a dignified way" on "legal documents and formal Company statements."
2. Hudson's Bay Company, the abbreviated or full-name: "for general use in correspondence, press releases, magazine articles" and the like.
3. Company Nameplate, including Blackletter typeface and the line 'Incorporated 2nd May, 1670': for "advertisements…letterheads, vehicles and buildings."
4. Coat of Arms, used as a "mark of approval or endorsement": useable only with the company nameplate.
5. H B C, the company initials: for materials and equipment.
6. Compagnie de la Baie D'Hudson or Compagnie de la Baie d'Hudson Incorporee le 2 Mai 1670, abbreviated and formal name: for French-speaking zones.
7. Hudson's Bay Company Incorporated 2nd May, 1670, nameplate: in French-speaking areas where translation of the name was not deemed necessary.
8. The Bay, the company's colloquial name: for secondary use only and not a substitute for the company nameplate.[114]

The goal of specifying numerous names was to "set [the company] apart from" its rivals who did not have a comparably rich historical legacy.[115] The problem was that maintaining

[112] Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 602.3.1 CORPORATE IDENTITY Displays & Signs Exterior Signs, 1970-1978, H2-224-6-2.
[113] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.3.1 CORPORATE IDENTITY Displays & Signs Exterior Signs.
[114] Ibid. This does not include the list of marquees for Hudson's Bay Company subsidiaries and their respective abbreviations and identifiers.
[115] Ibid; Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, Corporate identity – general, 1969-1979, H2-271-3-4; "The Flags of HBC," Hudson's Bay Company History Foundation, accessed June 29, 2020, http://www.hbcheritage.ca/things/artifacts/the-flags-of-hbc. Flags were a common identity marker for Hudson's Bay Company since its days as a trading company. During its retail years, the company has used at least three different flags: "the red Ensign with the letters HBC in the fly," dating to either 1818 or the 1840s and 1850s; "the Company Coat of Arms on a white background" which was known as 'the Governor's Flag' or 'the Governor's Standard' and was first used in tandem with the company in either the 1760s or 1770s; and a navy flag with HBC in the fly which has been used as the Hudson's Bay Company corporate flag since 2012. There is inconsistency in Hudson's Bay Company's archives regarding the first usage of the red Ensign and the Governor's Standard. This is because some early instances of these flags' usages are from written records or

consistency with these eight different identifiers was unattainable, and customers were swamped with new images. Thus, company management undertook a major rebranding exercise in 1965.

In September 1965, company leaders unveiled its new retail name as 'The Bay' in search of "modernity, fashion awareness, informality and distinctiveness."[116] This became a benefit when the company launched their bilingualism program in the 1970s, as 'The Bay' was easy to translate into French.[117] Company executives claimed that customers and employees had referred to the company as 'The Bay' since the 1920s—and had envisioned it as a secondary identifier by the 1930s—making the name change less intimidating to consumers.[118] Designed by the New York-based firm, Lippincott & Margulies, the new logo was a bright yellow colour, officially called 'Ochre,' intended to "project [the company with] a worldly and international image, attuned to the Canadian who [was] becoming more and more affluent."[119]

Consumer responses to the name change were mixed. A letter from A.R. Huband, then-Secretary of the Canadian Committee, claimed that consumer reactions had been largely favourable, notably with customers living on the Prairies. The Canadian Press had also been rather supportive. Customers living in Vancouver were less pleased to see the Blackletter typeface's

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paintings and often lack any visual evidence to support sighting claims. By the mid-1900s, the company's red Ensign's usage decreased because it was easily confused with Ontario and Manitoba's provincial ensigns.

[116] Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 602.1.2 CORPORATE IDENTITY Comments, 1965-1977, H2-224-6-2.

[117] Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 600.14.3 QUEBEC Public Relations 1965/76, 1965-1976, H2-224-5-7.

[118] HBCA, HBC corporate secretary's subject files, 602 Corporate image; Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, Corporate identity – manual, 1965-1981, H2-271-3-4.

[119] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.1.2 CORPORATE IDENTITY Comments; HBCA, HBC corporate secretary's subject files, Corporate identity – manual. 'Ochre' was used due to its perceived "versatility and fashion appeal." 'Golden Yellow' also known as 'the Bay Yellow' replaced 'ochre' as the official corporate colour. 'Golden Yellow' was "a bright, happy colour, which [had] a more positive effect on the Company's customer's and employees."

disappearance in exchange for 'The Bay.'[120] Several letters from customers epitomized the more negative reaction. Some claimed that the name change would make people forget about the store's association with the "famed Hudson's Bay Company of Canada's past."[121] Another nationalistically motivated criticism accused the company of disregarding its history "as a sop to consumer opinion" and that people had been "proud to shop at a store which had been instrumental in shaping" Canada.[122]

The main issue with the redesign was that it did not rid the company of its multiple marquee ambiguities. In 1970, the company was still using 'Hudson's Bay Company' as a secondary identifier in many advertising campaigns. Company executives claimed that the rebrand in 1965 was not intended to completely erase the company's formal name but to retain its "friendly, colloquial" connotation while still appearing "commonly and sensibly" next to its full-name counterpart.[123] The 1970s saw a continued back and forth discussion, concluding with a full commitment to 'The Bay' name in all aspects of the business. Plus, there was a company discussion about using two separate names to distinguish Eastern from Western stores. A.R. Huband dispelled such an idea, acknowledging that the company had struggled with achieving the "degree of consistence" that it had attained in the early-1970s.[124]

The company would not rebrand again until 'The Bay's' "folk-friendly" design had become sorely outdated in a post-millennium retail world.[125] In 2013, the company revealed that

[120] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.1.2 CORPORATE IDENTITY Comments. For more on consumer confidence and branding, see also Dale Miller, "Building Customer Confidence in the Automobile Age: Canadian Tire 1928-1939," *Journal of Historical Research on Marketing* 3, no. 3 (August 2011): 302-328.
[121] Ibid.
[122] Ibid.
[123] Ibid.
[124] Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 38: Public Relations - Corporate Identity - Use of Co. Name, 1970-1972, H2-246-5-1.
[125] Hudson's Bay Company, "Hudson's Bay Celebrates its Past, Present and Future with Modern New Logo."

its department stores would return to a variant of their old name: 'Hudson's Bay.' The logo and nameplate reverted to a neutral black with a simpler, all-capitalized typeface designed by New York-based agency Lipman. The company also redesigned an elaborate "full-dress version" of its nameplate that included the company's coat of arms—featuring "a shield and cross, as well as beavers, a fox and two elk"—drawn by Canadian artist Mark Summers.[126] Tony Smith, then Creative Director of the HBC, insisted the rebrand was necessary to modernize the company and that the name had been selected as "a throwback to [the company's] remarkable history" while maintaining a hopeful outlook on the future.[127]

While the updated logo certainly refreshed the company's image, it did not lessen growing retail competition and it forced the company, once again, to eliminate a fairly developed image that may have acquired a solid place among consumers' perceptions of the country's department stores. The 2013 decision to evolve was generally beneficial since being viewed as 'outdated' would not increase market share, especially amongst younger generations. Arguably it allowed the company to use its greatest asset—its history—to reshape its future. However, the company remained inconsistent with how extensively it "should wrap itself in its heritage, and in the Canadian identity."[128] This is particularly important given that by 2013, the HBC was technically owned by American private equity firm NRDC Equity Partners, effectively eroding its 'inherent

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[126] Hudson's Bay Company, "Hudson's Bay Celebrates its Past, Present and Future with Modern New Logo;" Susan Krashinsky, "New Logo, Old Name: The Bay Returns to Its Roots," *The Globe and Mail*, March 6, 2013, https://www.theglobeandmail.com/report-on-business/industry-news/marketing/new-logo-old-name-the-bay-returns-to-its-roots/article9356220/; The Canadian Press, "The Bay Department Store Rebranded as Hudson's Bay," *CTV News*, March 6, 2013, https://www.ctvnews.ca/business/the-bay-department-store-rebranded-as-hudson-s-bay-1.1184127. Retaining a secondary identifier in full-dress form is another example of the company not fully committing to one identifier. In this instance, the use of 'Hudson's Bay' instead of 'The Bay' as the primary identifier allows history-savvy consumers to make a connection with the company's past. However, the full-dress rendition makes it plain that the company intends its historical legacy to, at the least, be partially visible to any potential customer through the use of a coat of arms, whose associative characteristics immediately summon the image of 'gentility,' 'history,' and 'trustworthiness.'

[127] Hudson's Bay Company, "Hudson's Bay Celebrates its Past, Present and Future with Modern New Logo."

[128] Krashinsky, "New Logo, Old Name: The Bay Returns to Its Roots."

Canadianness' while trying to manipulate it. While the company did not specify in press releases that the 2013 rebrand was connected to the change in ownership, it is likely the timing is not coincidental.[129]

Hudson's Bay management has resisted removing identifiers linked to its historical past because it struggles with 'what it's supposed to be' as a company. Because it was not originally created as a retail enterprise, it will never shed its fur trading legacy in either a positive or negative way. By wrapping itself in a historical corporate identity for so long, it has become trapped by its strongest characteristic—without which, it would risk sliding into an ordinariness in the retail marketplace. The hypocrisy of emphasizing history under American ownership is inconsequential as long as the company can sell 'Canada' as a part of its corporate story and the 2013 rebrand tried to strike a balance between its complicated past and a search for a fashionable future.

Because 'Canadian identity' is at the core of Hudson's Bay's ideological branding, its appeal is tied to a certain narrative of Canadian history—Anglo-Canadian history.[130] More so, it has used this connection to mythologize its own history. *The Beaver*, a company publication started in the 1920s, consistently portrayed the company's fur-trading adventurers as heroic and Indigenous peoples as 'dependants' of the company; merging "the British empire, heroic male exploits, and strange and exotic 'other[s]'" into an official corporate history.[131] From a corporate

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[129] Hudson's Bay Company, "Hudson's Bay Celebrates its Past, Present and Future with Modern New Logo."
[130] See Chapter 2 for more on Hudson's Bay Company perpetuating a variant of Canadian history and an examination of numerous forms of Canadian nationalism. For more on the role of history in corporate brand strategy, see also Oriol Iglesias, Nicholas Ind, and Majken Schultz, "History Matters: The Role of History in Corporate Brand Strategy," *Business Horizons* 63, no. 1 (January 2020): 51-60 and Nicholas Ind, Oriol Iglesias, and Majken Schultz, "How Adidas Found Its Second Wind," *Strategy+ Business* 80 (August 2015): 1-5.
[131] Peter G. Geller, "Constructing Corporate Images of the Fur Trade: The Hudson's Bay Company, Public Relations and The Beaver Magazine, 1920-1945," (MA diss., University of Manitoba/University of Winnipeg, May 15, 1990), 7, 31, 77; Peter G. Geller, "The 'True North' in Pictures? Photographic Representations in the Hudson's Bay Company's The Beaver Magazine, 1920-1945," *Archivaria* 36 (Autumn 1993): 168. Using company magazines to promote employee loyalty and propel corporate identity was not uncommon. Other corporate publications include Imperial Oil's *The Imperial Oil Review*, Ford Motor Company's *Ford Times*, or Standard Oil Company's *The Lamp*.

perspective, this was advantageous since it fostered an image that built up loyalty amongst English-Canadian customers and created a positive image of the company amongst that group. Yet, excluding other narratives hindered management's ability to expand consumer acceptance amongst other groups throughout the mid-1900s.[132]

In 1960, the HBC acquired Quebec-based department store Henry Morgan & Co. Limited, also known as Morgan's. The HBC wanted to use this acquisition to expand into the major cities of Eastern Canada, historically less populated by Hudson's Bay's retail presence.[133] Morgan's had been in operation since 1845 and was a staple of the Montreal retail scene, particularly among English-speaking shoppers.[134] Originally, the newly acquired stores continued to operate under the Morgan's name but acquired a yellow logo to match the 'The Bay' logo.[135] Allowing Morgan's to retain its name did not advance the 'Hudson's Bay' name in Quebec as much as company executives expected.

By 1971, the company commissioned a market research firm to determine if maintaining the Morgan's name was beneficial to the HBC overall. In a 1971 report, Market Facts of Canada

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[132] For more on Hudson's Bay Company and image-making, see also Chantal Nadeau, *Fur Nation: From the Beaver to Brigitte Bardot* (New York: Routledge, 2001); Michael Ross and Lorraine York, "Imperial Commerce and the Canadian Muse: The Hudson's Bay Company's Poetic Advertising Campaign of 1966-1972," *Canadian Literature* 220 (March 2014): 37-53; and Joan Sangster, "'The Beaver as Ideology: Constructing Images of Inuit and Native Life in Post-World War II Canada," *Antropologica* 49, no. 2 (2007): 191-209. Japanese department store Hayashi Department Store has a complicated colonial legacy that it continues to deal with while operating in ex-colonial locales like Taiwan and South Korea. While their Taiwanese stores "mimic Japanese colonial motifs," complete with colonial era uniforms for employees, South Korean stores have shed any physical resemblance of their colonial occupation. Taiwan and South Korea continue to have very different relationships with Japan, likely contributing to South Korea's pro-nationalistic stance against Japan. See also Tom Coyner, "A Tale of Two Ex-Colonies: Korea and Taiwan," *Asia Times*, March 16, 2020, https://asiatimes.com/2020/03/a-tale-of-two-colonies-korea-and-taiwan/.
[133] Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 602.5.1 CORPORATE IMAGE Morgan Name Change – Montreal, 1972-1974, H2-224-6-3. Quebec expansion was part of a larger expansion plan in the 1960s and 1970s.
[134] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.5.1 CORPORATE IMAGE Morgan Name Change – Montreal. If Hudson's Bay executives were looking to target the Anglophone population in Quebec, Morgan's was an appropriate acquisition. If the intention was to gain prominence among Francophones, Morgan's was never as popular amongst that demographic and was an inadequate acquisition to accomplish greater penetration of the Francophone community.
[135] HBCA, Hudson's Bay Company Governor and President Donald S. McGiverin's executive project files, File 328: Public Relations - Corporate Identity - Morgan's Name Change.

Limited interviewed women regarding a hypothetical Morgan's renaming.[136] The English-speaking participants had a stronger association with Hudson's Bay's "'outpost' or 'Trading Post' image" but did not associate 'The Bay' name with Hudson's Bay Company.[137] This demonstrates how Hudson's Bay's penetration in Eastern regions had been minimal compared to Western Canada. While 'The Bay' did not necessarily associate customers with Hudson's Bay department stores, they were still aware of the company's historical legacy to some extent. French respondents, however, were less aware of the HBC's ownership of Morgan's and approached the name change with a more hostile attitude. Market Facts Canada concluded the hostility was "traceable to the 'historical image' of the HBC as exploiting trappers" and Indigenous peoples.[138] The company's past was a mixed blessing when it came to contemporary branding.

Despite some consumer hesitancy, company leaders went ahead with the rename, changing all Morgan's stores to 'La Baie' or 'The Bay' stores in June 1972.[139] During a press conference, a number of Hudson's Bay executives spoke about the significance of this new chapter for Hudson's Bay and Morgan's and stressed the company's historical operations in Quebec. Notably, they highlighted the role of French fur traders and explorers, Pierre-Esprit Radisson and Médard des

[136] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company market research records, HB2007/208, File 5: Market Facts of Canada Ltd. - Name Change Concerning Morgan Stores in Montreal - Research Proposal, 1971, H2-239-3-5. The study surveyed thirteen women, including seven English-speaking Montrealers and six French-speaking Montrealers. This study was one of many the company conducted in advance of Morgan's name change.
[137] HBCA, Hudson's Bay Company market research records, File 5: Market Facts of Canada Ltd. - Name Change Concerning Morgan Stores in Montreal - Research Proposal; Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 602.5.1 CORPORATE IMAGE Morgans/HBC Name - Montreal May 5/71 - June 2/72, 1971-1972, H2-224-6-3; Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 602.5.1 MORGANS/HBC NAME - MONTREAL CORPORATE IMAGE, 1966-1971, H2-224-6-3. The company had been using "its own name in association with the Morgan name since 1967" by placing 'Hudson's Bay Company' in English underneath the Morgan's name—as they did with Toronto-based Morgan's stores—although the text was not in Blackletter font. This was yet another identifier for the Hudson's Bay Company.
[138] HBCA, Hudson's Bay Company market research records, File 5: Market Facts of Canada Ltd. - Name Change Concerning Morgan Stores in Montreal - Research Proposal.
[139] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.5.1 CORPORATE IMAGE Morgans/HBC Name - Montreal May 5/71 - June 2/72.

Groseilliers, in establishing the Hudson's Bay Company in 1670; Montreal's importance as a fur trade centre and its role as the HBC's headquarters following its amalgamation with the North West Company in 1821; and the numerous HBC retailing operations, including Northern Stores, Wholesale branches, and General Merchandise Offices, that currently existed throughout Quebec.[140]

In preparation for the name change, the 'Story Outline of Hudson's Bay Company' signalled the company's intentions to slant its history towards its Quebec connections, to win favour and establish historical legitimacy in Quebec, even if they had never sought to do so previously.[141] This emphasis on an association with French-Canada was something of a marketing ploy. In the HBC's history, French-Canada's role, or other groups' roles, remain subordinate to English-Canada's contributions or absent in most corporate history propaganda.

Department store management deployed branding techniques in both physical and ideological ways to gain public favour. Through physical branding, leaders could create merchandise to their store's specification, often allowing them to occupy a niche that their competitors could not. It also allowed them to maintain price control and show customers why they were worthy of customer loyalty. Ideological branding enabled companies to project their unique values onto the buying public through visual identifiers and other means. When used together, branding provides a department store or alternative retail business with the best chance at relevancy and connection with customers. A store that consumers instantly recognize and validate will have embedded itself into consumer minds, attached their brand to positive emotions, and allowed that company to attain 'superiority' above its competitors. Thus, branding is an

[140] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.5.1 CORPORATE IMAGE Morgan Name Change – Montreal.
[141] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.5.1 CORPORATE IMAGE Morgans/HBC Name - Montreal May 5/71 - June 2/72.

irreplaceable facet that helped attract and keep customers. It worked even better when used in tandem with other visual merchandising tactics and advertising.

CHAPTER 9
The Art of Selling: Visual Merchandising and Trade Advertising

Window dressing is an art form as well as a necessity for retail establishments. Famous shopfronts have incorporated gallery-inspired pieces, and with limitless themes to showcase products to inquisitive viewers, department stores have generated a genre of street art. Undoubtably, fashion, art, and consumption work in tandem to draw out the wonderment of ordinary products. Renowned artists like Andy Warhol and Salvador Dalí had worked as commercial shop artists, lending their artistic prowess to window displays.[1] Displays are meant to bridge their dresser's creativity in fashion and presentation with a shopper's impulse to buy. This is why retailers have "studied and followed as an art" the act of window dressing and its role in customer attraction.[2] The window display is likely to influence a customer's first impression, ideally establishing a commercial fantasy associated with the store. On the one hand, invariably, the display projects stylized, unrealistic, consumptive splendor. On the other hand, it can be the first advertising attempt to secure a profit from a business perspective. In this sales technique and others like it, department store leaders highlight their dedication to the sale. The window projects creativity and merchandising like nothing else on the street. This chapter begins a discussion on the management tools involved in teaching and executing visual merchandising and forms of trade advertising as sales techniques meant to sway consumer behaviour in favour of a department store.

Visual merchandising is designing and using store atmosphere to manipulate consumer emotions towards "favourable purchasing behaviours."[3] It can be broken into two categories:

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[1] Christopher Turner, "Window Dressing – The Art of Shopfronts and Gallery Facades," *Apollo – The International Art Magazine*, July 6, 2020, https://www.apollo-magazine.com/shopfronts-gallery-facades-window-displays/.
[2] *A Guide to Window-Dressing* (London: Office of the 'Warehousemen and Drapers' Trade Journal,' 1883), 11. Part of the magic of a store's display was that the public never saw window dressers at work. Dressers transformed windows at night and then revealed them in the day once completed.
[3] Derry Law, Christina Wong, and Joanne Yip, "How Does Visual Merchandising Affect Consumer Affective Response?" *European Journal of Marketing* 46, no.1/2 (January 2012): 115.

exterior and interior display. Exterior display concerns window displays and the architectural and functional design of a storefront. Interior display concerns those displays inside a store, ranging from the store's layout, interior design, merchandise displays, and employee behaviour.[4] Themes, colours, scents, sounds, mannequins, props, lighting, fixtures, or associated atmospheric stimuli are among many attributes that contribute to the environment that store management is trying to create. Leaders in restaurants and bakeries use similar techniques when presenting their food products since different environments can encourage or discourage appetite and purchase intention.[5] Combined together, atmospheric stimuli act as a "silent salesperson," selling goods without an associated sales pitch.[6]

For department stores, these display's narrative elements played an important role in attracting consumers and "enticing them with representations of their dreams, aspirations and desires." Moreover, it coaxed who they could 'be' and who they 'were' in their conception of self.[7] Inevitably, this connects to a consumer longing for status, luxury, and 'taste' amongst fellow consumers. Management wanted displays to 'school' the public in these traits.[8] Cultural values influence a consumer's response to visual merchandising, notably when symbols or colours take

[4] Law, Wong, and Yip, "How Does Visual Merchandising Affect Consumer Affective Response?" 114-115; M. Krishnakumar, "The Role of Visual Merchandising in Apparel Purchase Decision," *IUP Journal of Management Research* 13, no. 1 (January 2014): 39-40. See Chapter 5 for more on department store architecture, interior design, and store layout.

[5] Monyédodo Régis Kpossa and Erhard Lick, "Visual Merchandising of Pastries in Foodscapes: The Influence of Plate Colours on Consumers' Flavour Expectations and Perceptions," *Journal of Retailing and Consumer Services* 52 (January 2020): 1.

[6] Krishnakumar, "The Role of Visual Merchandising in Apparel Purchase Decision," 38; Claus Ebster and Marion Garaus, *Store Design and Visual Merchandising: Creating Store Space that Encourages Buying* (New York: Business Expert Press, 2015), 84; Walsh, "The Newness of the Department Store," 55.

[7] Ken W. Parker, "Sign Consumption in the 19th Century Department Store: An Examination of Visual Merchandising in the Grand Emporiums (1846-1900)," *Journal of Sociology* 39, no. 4 (December 2003): 353-354. See also Keith Walden, "Speaking Modern: Language, Culture and Hegemony in Grocery Window Displays, 1887-1920," *Canadian Historical Review* 70, no. 2 (September 1989): 285-310.

[8] Funk, "The Gaze Across the Aisle," 146; Cox, *The Complete Tradesman*, 2; Gareth Shaw, Louise Hill Curth, and Andrew Alexander, "Creating New Spaces of Food Consumption: The Rise of Mass Catering and the Activities of the Aerated Bread Company," in *Cultures of Selling: Perspectives on Consumption and Society since 1700*, ed. John Benson and Laura Ugolini (England: Ashgate, 2006), 84. See Chapter 1 for more on department stores, the rise of consumerism, and conspicuous consumption.

on potentially adverse or alternative meanings.[9] Therefore, displays needed to suit their environment and be enticing without overstimulating and reducing the appeal.

In England and the United States, visual merchandising started to emerge as an advertising technique during the eighteenth century.[10] Small-scale store owners took the first steps in displaying their goods openly instead of keeping them out of public view unless a customer asked to see an item.[11] European arcades—"covered streets or boulevards" built to resemble bazaars—evolved in the 1800s and used iron, glass, and skylights to adorn their passageways, but the stores within the arcade were no more elaborate than they were in the 1700s.[12] Ken W. Parker claimed that the Crystal Palace's 1851 exhibition was the English prototype for exhibiting goods in an "elaborate and…exotic setting" which was then normalized by department store management that could recreate that 'exciting event feeling' daily.[13] Gradually, department store window displays became more flamboyant after 1900 and started to exhibit items in scenes with context—sometimes called 'bundled presentation'—versus showcasing a product on its own in a traditional arrangement.[14] 'Dressing the window' was more ambitious.

An extensive wall of display windows was a staple feature of department stores, causing many stores to compete on whose windows were architecturally superior. In Toronto, Eaton's and Simpson's maintained a consistent display rivalry that forced designers periodically to elevate their

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[9] Law, Wong, and Yip, "How Does Visual Merchandising Affect Consumer Affective Response?" 115.
[10] Rudi Laermans, "Learning to Consumer: Early Department Stores and the Shaping of the Modern Consumer Culture (1860-1914)," *Theory, Culture & Society* 10, no. 4 (November 1993): 85.
[11] Parker, "Sign Consumption in the 19th Century Department Store," 356-357.
[12] Ibid., 357.
[13] Ibid., 357-358.
[14] Alexander and Akehurst, "Introduction," 6; Parker, "Sign Consumption in the 19th Century Department Store," 360; Ebster and Garaus, *Store Design and Visual Merchandising*, 95; Peter Scott and James Walker, "Advertising, Promotion, and the Competitive Advantage of Interwar British Department Stores," *Economic History Review* 63, no. 4 (November 2010): 1110. Executives at London-based store Selfridges wanted their store's window displays to advertise not only the goods but the store itself and the type of experience that awaited customers inside.

windows' aesthetic appeal.[15] In Cleveland, The Higbee Company had a façade featuring an "unbroken line of sixty-five" display windows; Japanese store Mitsukoshi featured an underground series of displays for Tokyo's subway passengers. In the 1910s and 1930s, leaders at Shanghai-based stores the Sun Company and Wing On constructed eighteen and forty display windows, respectively.[16] As for what was being displayed, there was variation across locales, depending on season and store merchandise assortments. By investigating atmospheric nuances and specific presentation styles, we can demonstrate the extent of variation but also design similarities.

Harmony was the first consideration for visual displays.[17] The items on display needed to express unity and correctly advertise products that went together. Unity was achieved by striking a balance between customer expectation and practical arrangement.[18] For instance, if a department store catered to a higher economic bracket, its windows and interior displays could not appear inexpensive, as this would not align with customer expectations. Practical arrangement connected to "optical balance," in that all of a store's design elements needed to work together to show that the store was in a "state of equilibrium."[19]

Retailers used colour to differentiate a store from its competitors, achieve optical balance, and stimulate desired customer responses through association. Competitively, a store's chosen colour palette helped it to create a unique mood. Colour schemes were memorable and, within chain stores, expected to maintain cohesiveness across locations. For merchandise presentation, management grouped goods based on their position on the colour spectrum, surrounded by either

[15] Steve Penfold, "The Eaton's Santa Claus Parade and the Making of a Metropolitan Spectacle, 1905-1982," *Social History* 44, no. 87 (May 2011): 11.
[16] Jeanne Catherine Lawrence, "Geographical Space, Social Space, and the Realm of the Department Store," *Urban History* 19, no. 1 (April 1992): 68; Young, "Marketing the Modern," 58; Lien, "From the Retailing Revolution to the Consumer Revolution," 363.
[17] *A Guide to Window-Dressing*, 13.
[18] Ebster and Garaus, *Store Design and Visual Merchandising*, 105.
[19] Ibid.

warm or cool colours. Warm or cold liaisons would bridge the two spectrum sides together and allow store staff to provide flow throughout a store's range of displays.[20] Certain colours also had the ability to stimulate particular emotions in their viewers through symbolic meanings. Common colour associations for Western-based department stores included:

> Blue: serenity, knowledge, dignity, hope, and fidelity.
> Red: heat, anger, valor, bravery, and danger.
> Yellow (or Orange): cheerfulness, warmth, and brilliance.
> Green: life, vegetation, memory, and vigor.
> Purple: royalty, wealth, impressiveness, and power.
> Black: darkness, death, horror, crime, and gloom.
> White: purity, modesty, delicacy, peace, and innocence.
> Gray: maturity, distance, leadenness, and age.[21]

Colour theory can have country-specific variation and can change meaning based on other factors like age or sex. Green can have vast symbolic meaning, at times, even holding conflicting meanings within a culture.[22] In China, green represents 'life' or 'disgrace' and 'unfaithfulness' and is simultaneously unlucky yet nationalistic in Ireland.[23] Colours that carried positive or comforting associations in consumer minds were more likely to attract their attention and encourage them to enter a store or further examine a series of merchandise.[24]

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[20] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 176: Basic Principles of Merchandise Presentation.
[21] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 66; Ebster and Garaus, *Store Design and Visual Merchandising*, 141. These meanings have adapted over time. For instance, black also conveys 'elegance,' 'masterfulness' and 'sophisticated' as connotations today.
[22] Idiomatic meaning contributes to associative ambiguity. In many Western societies, green can symbolise 'nature' like 'having a green thumb 'or 'jealousy' by being 'green with envy.'
[23] Diana Su Yun Tham et al., "A Systematic Investigation of Conceptual Color Associations," *Journal of Experimental Psychology: General* 149, no. 7 (July 2020): 1312; John Hutchings, "Folklore and Symbolism of Green," *Folklore* 108, no.1/2 (January 1997): 55. Even these associations are likely to change depending on the individual in question. The Principle of Singularity explains this phenomenon on the basis that "at any one time, to any one person, a colour symbolises only one emotion or feeling regardless of what that colour may symbolise to another person or to the same person on another occasion."
[24] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 102: Preparatory Merchandising Course, Part 2, Lesson 7: Departmental Display, 1954, H2-238-4-3; Ebster and Garaus, *Store Design and Visual Merchandising*, 134-135. Ambient scent can be used in a retail environment in the same way because certain scent combinations can stimulate specific responses. For instance, vanilla exudes comfort, calmness, and a homey atmosphere, orange or lavender can reduce anxiety, and peppermint, eucalyptus or grapefruit are energizing, stimulating and increase productivity. Ambient scents that have the widest universal appeal are those that are selected for retail environments as store leaders want to reduce the possibility of negative associations towards their brand. An ambient scent can influence whether a

Compared to smaller stores, department store managers had the advantage in creating colourful window displays because they had a larger array of usable items.[25] Store leaders used technical considerations when organizing their displays, including the need to coordinate merchandise and accessories, create a focal point, use suitable background art and colours, maintain cleanliness, and achieve a non-convoluted design.[26] Display designers also needed to be cautious of colour distortion and how certain shades had the possibility of altering the colour of neighbouring goods or store décor. Before electric lighting, gaslights caused significant colour distortion and needed to be carefully placed as not to affect surrounding merchandise.[27] Exterior street lights and mirrors also had the potential to alter the presentation of goods.

Space manipulation further supported goods presentation. For Hudson's Bay stores, space manipulation involved using sightlines to determine the best place for merchandise. Items would be presented vertically up and down on shelves, allowing customers of any height to see that the store carried a certain product. Often, larger items were placed on the upper shelves or at eye and hand height for tall customers; it was the reverse for shorter customers.[28] More merchandise could be shown per square foot within this system and increase the goods' selling capacity. This was

consumer is more likely to purchase from a store, yet a scent cannot be too intense, or it will distract guests from making purchases. An aroma is at the correct intensity level if customers are not consciously aware of the fragrance, but they can "still perceive the smell" if someone were to ask them about it. For more on olfactory cues in retail settings, see also Barry J. Davies, Dion Kooijman, and Philippa Ward, "The Sweet Smell of Success: Olfaction in Retailing," *Journal of Marketing Management* 19, no. 5-6 (July 2003): 611-627; Andreas Herrmann, Manja Zidansek, David E. Sprott, and Eric R. Spangenberg, "The Power of Simplicity: Processing Fluency and the Effects of Olfactory Cues on Retail Sales," *Journal of Retailing* 89, no. 1 (March 2013): 30-43; Eric A. Spangenberg, Ayn E. Crowley, and Pamela W. Henderson, "Improving the Store Environment: Do Olfactory Cues Affect Evaluations and Behaviours," *Journal of Marketing* 60, no. 2 (April 1996): 67-80 and Maureen Morrin and S. Ratneshwar, "The Impact of Ambient Scent on Evaluation, Attention, and Memory for Familiar and Unfamiliar Brands," *Journal of Business Research* 49, no. 2 (August 2000): 157-165.

[25] *A Guide to Window-Dressing*, 17.

[26] Ibid., 12; HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation.

[27] *A Guide to Window-Dressing*, 17-19.

[28] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 176: Basic Principles of Merchandise Presentation.

more beneficial than horizontal displays since that method did not allow customers to see the complete range of products at eye height, only the same type of item at a glance.[29] Furthermore, management categorized similar merchandise via soft or hard goods and then prioritized it by additional descriptors.[30] For soft goods, the classifications were: by look, style, colour, and then size. Hard goods were sorted by category, colour, and then size.[31] Paired with "clear, clean [and] innovative signing," this organization smoothly serviced customers and allowed all merchandise an equal chance at being sold.[32]

Display designers primarily used three merchandise display styles: single, multiple, and scenario.[33] Single displays, also called 'traditional displays,' presented one type of merchandise. All the like items were displayed next to one another, and the display's purpose was to have the products serve as the star of the display.[34] A multiple display, also called 'bundled,' was mixing several different item types into one display to reinforce consumer context. The items could be grouped together based on their usage or a common theme.[35] Scenario, or 'dramatized,' displays

[29] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 176: Basic Principles of Merchandise Presentation.
[30] Ibid.
[31] Ibid.
[32] Ibid; HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 102: Preparatory Merchandising Course, Part 2, Lesson 7: Departmental Display; HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation. Showcards, signs, and price tags needed to be easily read and use simple language to convey information to a customer. In this sense, display signs could not be too large and take away from the merchandise or display's appeal. They also needed to answer: what is the product?; how is it made?; what are its uses?; how serviceable is it?; why are people talking about it?; and what is the size and price? Hudson's Bay department stores adhered to the 'Shillito System' or 'Merchandise Arrangement by Customer Preference' system, which organized merchandise by customer preferred traits. Hudson's Bay executives had expanded this system to identify the first four customer preferences for merchandise. Store leaders then continued to watch customer acceptance of their goods based on the established preference system. The Shillito System could be named after John Shillito & Co.—the first department store in Cincinnati—and its preferred system.
[33] These styles could be used in department store window dressing or general merchandise display and presentation.
[34] Ebster and Garaus, *Store Design and Visual Merchandising*, 93-94; Lien, "From the Retailing Revolution to the Consumer Revolution," 363-364.
[35] Ibid., 95-96; Ibid.

used stories to add drama to designs, a particularly prominent style during holidays. Designers mixed these styles depending on the merchandise they wanted to advertise.

Within these display styles, there were further categorizations based on the type of props and mechanics needed. In a 1954 merchandising course handbook at Hudson's Bay, the guide outlined nine display types: 1) chart type display, pictures or charts illustrating how a product was used; 2) colour coordinated display, colour harmonization; 3) demonstration display, demonstrating an item in use; 4) mass display, drawing customer attention to the number of goods available; 5) moving display, displays using an electronic or mechanical component; 6) plaque display, mounting merchandise on pillars or walls; 7) ramp display, using inclined platforms for merchandise presentation; 8) showcase display, using display cabinets for expensive or new merchandise; and 9) wall display, a larger type of plaque display.[36] These display tactics enabled designers to constantly refresh their designs and be "like a kaleidoscope," constantly evolving their novelty at the whims of consumerism.[37]

Holidays and sales merited the most extravagant window and indoor displays. Religious festivals, like Ramadan and Hanukah, provided department store managers with their earliest display ideas.[38] Christian celebrations or milestones were the focus of many display changes: springtime, largely March and April, would be dedicated to Easter displays; May signalled a time of first communion, and June was popular for weddings.[39] The lunar cycle also provided ample celebration days for those who adhered to it, including autumnal harvest festivals like Mid-Autumn

[36] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 102: Preparatory Merchandising Course, Part 2, Lesson 7: Departmental Display; Fujioka and Stobart, "Global and Local," 273. In Japan, the showcase display was quite popular and allowed expensive items to be locked until an employee unlocked the cabinets for customers.
[37] *A Guide to Window-Dressing*, 12; Stearns, *Consumerism in World History*, 49.
[38] Uri M. Kupferschmidt, "Who Needed Department Stores in Egypt? From Orosdi-Back to Omar Effendi," *Middle Eastern Studies* 43, no. 2 (March 2007): 184.
[39] Doubman and Whitaker, *The Organization and Operation of Department Stores*, 64; Lessard, "3e étage!" 14-15.

Festival, Bon Om Touk, and Chuseok; the Dragon Boat Festival during the summer solstice; or Tanabata Festival in July.[40] Seasonal changes were also common markers, like Sommerschlussverkauf or Winterschlussverkauf, signalling the end of summer or winter clearance events in Germany, the beginning of summer vacation, back-to-school season, or many 'end of season' sales seen in stores globally.[41] New Year was a prominent display theme in most locales, although the timing varied based on the celebration date.[42]

Commercial and secular holidays became increasingly popular throughout the twentieth century, leading to Valentine's Day, Halloween, St. Patrick's Day, Thanksgiving, Earth Day, Mardi Gras, Labour Day, Mother's Day, and Father's Day displays, among others.[43] Department store anniversaries or founders' birthdays also caused an extensive buzz, as did store specific achievements.[44] In 1941, 20th Century Studios' new film, *Hudson's Bay,* took center stage in Hudson's Bay display windows, showcasing the company's pride as serving as the focal point of a film that "became the national Canadian window to the world."[45] National holidays could be equally prominent candidates for display change like Coming of Age Day or The Fourth of July.[46]

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40 Lien, "From the Retailing Revolution to the Consumer Revolution," 364, 380. Mid-Autumn Festival is a Chinese holiday; Bon Om Touk is a Cambodian festival; Chuseok is a Korean holiday; Dragon Boat Festival is a Chinese festival, and Tanabata is a Japanese festival.
41 "Es lebe der Sommerschlussverkauf (Long Live the Summer Sales)," *PR Newswire Europe (German)*, July 11, 2011, https://advance-lexis-com.libaccess.lib.mcmaster.ca/api/permalink/6c91219a-876b-4da9-8a54-ada349a088d7/?context=1516831.
42 Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan," 131.
43 Lessard, "3e étage!" 14-15; Leigh Eric Schmidt, "The Commercialization of the Calendar: American holidays and the Culture of Consumption, 1870-1930," *The Journal of American History* 78, no. 3 (December 1991): 890-891. By the 1960s, Christianity had started to diminish in many Western nations, leading to a shift from commemorating religious holidays to celebrating commercial ones publicly. Wide-scale manufacturing allowed the holiday card industry to perpetuate new commercial holidays throughout the late 1800s and early 1900s. Therefore, once only locally or regionally celebrated events were able to become "sales events and store spectaculars."
44 Lien, "From the Retailing Revolution to the Consumer Revolution," 380.
45 Chantel Nadeau, *Fur Nation: From the Beaver to Brigette Bardot* (New York: Routledge, 2001), 51, 53. The film was not an enormous blockbuster success in the United States, but it was profitable for Hudson's Bay department stores.
46 Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan," 133; Doubman and Whitaker, *The Organization and Operation of Department Stores*, 64.

For many people, Christmas was a blending of religious and commercial traditions and was the largest event of the year.[47] As far back as 1891, Woolworth's founder F. W. Woolworth noted that Christmas was "harvest time" and that his store leaders had to "make it pay."[48] In the United States, the culture surrounding gift-giving had been growing throughout the nineteenth and twentieth centuries, allowing department store leaders to perpetuate the holiday's commercial components.[49] Thus, entire department stores could be transformed into holiday fantasy spaces. Macy's maintained entire displays dedicated to Christmas as early as 1874.[50] In the 1920s, at Dupuis Frères, the Quebec-based store maintained "month-long Christmas spectacles," featuring stars and angels as part of their spiritual ambiance.[51] Western influence in China contributed to Christmas' rise in popularity, leading to Wing On's custom Santa Claus displays featuring a "plethora of toys." Other Shanghai-based stores appealed to foreigners by decorating their windows in winterscapes, including "machine-blown cotton fibres to mimic the whirl of snowflakes."[52] Christmas displays tended to perpetuate an ambiguous religious commerciality by infusing "commerce with Christian symbols" and using those original symbols' meanings to sell goods.[53] This was a popular tactic for any holiday display—taking the most prominent symbol of its foundational meaning, like the American flag for Independence Day—and using it as part of a visual shrine to these events, often creating scenes that "bathed consumption in reflected glory."[54]

[47] Easter carries a similarly mixed connotation but is secondary to Christmas in the commercial calendar. For more on the evolution of Easter and Christmas as religious and commercial holidays in the United States, see also James H. Barnett, "The Easter Festival—A Study in Cultural Change," *American Sociological Review* 14, no. 1 (February 1949): 62-70 and James H. Barnett, "Christmas in American Culture," *Psychiatry* 9, no. 1 (February 1, 1946): 51-65.
[48] Lyle C. Erb, "The Marketing of Christmas: A History," *Public Relations Quarterly* 30, no. 3 (Fall 1985): 27.
[49] Stearns, *Consumerism in World History*, 58.
[50] Erb, "The Marketing of Christmas," 27.
[51] Dupuis-Leman, "Christmastime chez Dupuis Frères," 56-57.
[52] Lien, "From the Retailing Revolution to the Consumer Revolution," 364.
[53] Schmidt, "The Commercialization of the Calendar," 895-897.
[54] Ibid., 897-898.

For department store management, the fundamental principles of display were to get attention, tell a story, provoke consumer curiosity, emphasise an idea, create a desire for a product, clearly provide a price, emphasise the selling points, direct the customers to the appropriate department, make product inspection simple, and close the sale.[55] Store leaders studied their clientele, particularly female shoppers, to learn their design preferences and understand which displays were likely to make them return to the store repeatedly.[56] Without showmanship and the ability to glamorize products, displays would not have differed from their earlier mundane counterparts. By connecting a 'narrative' or 'excitement' to products, management could increase its odds of infusing store products with some of the magic it created in the shopping environment.

While window displays and interior displays were fundamental to establishing the public's engagement with the store and its goals, display departments often suffered personnel and budget cuts, especially in stores experiencing financial trouble.[57] However, if display quality diminished, then overall store appearance decreased as well. Therefore, department store management needed to use alternative sales techniques to facilitate consumer interest in their products.

Department store advertising evolved alongside technological innovation. In addition to visual merchandising techniques, Peter Scott and James Walker contend that department store leaders used three media types in advertising during the inter-war period: direct mail or catalogue, press advertising, and 'other.'[58] The 'other' category consisted of "non-press adverts…and physical events," including exhibitions and demonstrations.[59] Chapter 10 will build on this base

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[55] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 119: Preparatory Merchandising Course, Part 2, Lesson 1-5: Inventory Management and Merchandise Presentation.
[56] L.M. McDermott, "Why People Buy at Department Stores," *Journal of Marketing* 1, no. 1 (July 1936): 54.
[57] Johnson and Kim, "When Strategy Pales," 587.
[58] Scott and Walker, "Advertising, Promotion, and the Competitive Advantage of Interwar British Department Stores," 1106.
[59] Ibid.

and investigate radio, television, and online advertising as advertising avenues in the post-WWII years. For now, we will focus on the media types as defined by Scott and Walker.

Advertising benefited department store leaders as it allowed them to show their goods and perpetuate their store's agenda. In this way, store leaders could advertise merchandise that executives felt was conducive to everyday life and link material items to certain socio-economic living standards. Additionally, because the public regarded department stores as authorities on fashion, advertising gave retailers the ability to influence what was fashionable and even acceptable for a person to wear or own.[60] Department store advertising in the United Kingdom and the United States rose in volume appreciably throughout the 1920s to 1940s.[61] Internationally, there was some variation. Belgian department stores' advertising peaked during the 1920s and decreased after 1929 because they faced greatly reduced competitive pressure from small-scale stores.[62] There are instances of department store advertising efforts that predate the early-1900s, notably in the use of catalogues.

Mail-order catalogues compiled a company's entire merchandise list, or very close to it, with accompanying prices and illustrations, in book form. The length of each catalogue varied by store and season. Special focus was placed on illustrations to make details sharp and seemingly accurate, representations of goods in use, and matching the goods to target markets.[63] Some catalogues even included fabric samples so customers could feel the merchandise they were considering.[64] This advertising technique allowed retailers to reach remote, rural populations and

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[60] Sylvie Raymond, "Entre mode et modestie: Sexe et pudeur chez Dupuis frères," *Cap-aux-Diamants*, no. 40 (Hiver 1995): 45. In the 1920s, despite Dupuis Frères' close association with the Catholic community in Quebec, the company resisted pressure from the clergy to advertise purely 'modest' clothing to its readers. This allowed 'immodest' styles to gain more traction amongst female shoppers.
[61] Pasdermadjian, *The Department Store*, 54-55.
[62] Weber, "Selling Dreams," 169-170.
[63] Phillips, *How Department Stores are Carried On*, 74, 80.
[64] Hudson's Bay Company, *The Autumn and Winter Catalogue 1910-1911 of the Hudson's Bay Company*, (Winnipeg: Watson & Dwyer Publishing, Ltd., 1990), Introduction; "The Tiffany & Co. Timeline – 1845," Tiffany

allow those customers the chance to place and receive orders directly to a mail-order office or, later, their homes. Catalogues were free for customers, permitting stores to reach all socio-economic backgrounds.[65] Often distribution went out in waves, starting first with existing customers and then to potential customers.[66]

Worldwide, most department store catalogues first appeared in the late-1800s as an alternative revenue stream.[67] Montgomery Ward established its catalogue in 1872 as one of the earliest American examples. By 1904, the company was shipping catalogues to over three million customers.[68] In 1894, French store Le Bon Marché had mailed over 1.5 million catalogues—with 260,000 sent to overseas customers.[69] Catalogue archives suggest that Mitsukoshi offered its clientele catalogues during the late-1930s.[70] There were few restrictions on what could be ordered. If a customer could purchase an item in-store, then it could also be mail-ordered. Sears, Roebuck and Co. even offered prefabricated homes to their catalogue readers, as did Eaton's in the 1880s.[71]

& Co., accessed July 9, 2020, https://www.tiffany.com/world-of-tiffany/the-world-of-tiffany-timeline/. Various catalogue forms predate mail-order use. Many businesses, besides department stores, used catalogues to advertise their goods and their stores. American luxury jewellery store, Tiffany & Co. printed their first catalogue—now known as the *Blue Book*—in 1845. Warehouses and furniture manufacturers were other prominent users.

[65] Phillips, *How Department Stores are Carried On*, 65.

[66] Ibid., 74; Hudson's Bay Company, *The Autumn and Winter Catalogue 1910-1911 of the Hudson's Bay Company*, 188. Catalogues were issued one season ahead of the current season. Thus, the autumn catalogue was issued in summer to prepare for the coming season. At Hudson's Bay, the Christmas catalogue was issued in October. The company encouraged customers to send in lists of friends in their region who may have been interested in receiving their catalogue. This enabled the company to expand its reach while perpetuating the idea that customers were doing their part to send Christmas cheer to their neighbours.

[67] Ferry, *The History of the Department Store*, 20.

[68] "About Us," Montgomery Ward, accessed July 9, 2020, https://www.wards.com/cm/history-about-us.html.

[69] Kupferschmidt, "Who Needed Department Stores in Egypt?" 181.

[70] "Mitsukoshi Catalogue," Harper's Books | Gallery, accessed July 9, 2020, https://www.harpersbooks.com/pages/books/17634/mitsukoshi/mitsukoski-catalogue. The start or end of Mitsukoshi's catalogue is unknown. There is an existing February 1937 catalogue.

[71] Stearns, *Consumerism in World History*, 49; Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company Governor and President Donald S. McGiverin's executive project files, HB2007/234, File 130: Eatons, 1973-1983, H2-264-7-4. A seven-room farmhouse could be purchased from Eaton's for $999.77 in the 1880s. In Canadian Prairie homes, the Eaton's catalogue was one of the only two books found in most peoples' homes. The other was the Bible.

In Canada, mail-order catalogues started in the 1880s.[72] The HBC issued its first mail-order catalogue in 1881 as its retail endeavours started to grow. Compared to other Canadian department stores, like Simpson's and Eaton's, Hudson's Bay's catalogue had a short history as it was in circulation for only thirty-two years—issuing its final retail catalogue in 1913.[73] Company leaders chose to focus their catalogue endeavours on different sectors of HBC business, such as the Fur Trade Department, as this helped supply "far-flung posts and depots."[74] The consumer catalogues had targeted Western Canada and predominately Anglo-Canadians. Other catalogues like Eaton's or Dupuis Frères serviced Eastern Canada, often producing bilingual catalogues or those printed solely in French.[75] A 1910-1911 Hudson's Bay catalogue advertises the extensive range of goods available, including bridal gowns, men's collars, cuffs and ties, atomizers, paint and floor finishes, wallpaper, high chairs, knitting machines, assorted notions, toys, rifles and ammunition, wines and spirits, tobacco, medicines, groceries, and the company's iconic Point Blankets.[76] Advertisements for private brand goods and national brands were interspersed amongst the listings, as were product tidbits. For instance, recipes appeared beside their required grocery items, ostensibly to help facilitate meal variety and sales.[77]

Department store leaders used other forms of print media for their advertisements, like tourist guidebooks and newspapers. Department store executives took advantage of their stores'

[72] Moyer and Snyder, *Trends in Canadian Marketing*, 99.
[73] "Catalogues," Hudson's Bay Company History Foundation, accessed July 9, 2020, http://www.hbcheritage.ca/history/social-history/catalogues.
[74] "Catalogues," Hudson's Bay Company History Foundation.
[75] Comeau, "Les grands magasins de la rue Sainte-Catherine a Montreal," 66-67; John Willis, "Cette manche au syndicat: La grève chez Dupuis Frères en 1952," *Labour* 57 (Spring 2006): 59. By 1921, Dupuis Frères had an all-French catalogue. Nationalistic symbols of French-Canada, like maple leaves and French-Canadian heroes, adorned their catalogue covers. By the 1930s, the company had a clergy specific catalogue to service the needs of religious figures and the Catholic community.
[76] Hudson's Bay Company, *The Autumn and Winter Catalogue 1910-1911 of the Hudson's Bay Company*, 48, 95, 121, 147, 150, 158-159, 168, 172, 212, 220-221, 231, 244, 254.
[77] Hudson's Bay Company, *The Autumn and Winter Catalogue 1910-1911 of the Hudson's Bay Company*, 244.

status as attractions and marketed them as tourist destinations. In 1922, the Aerated Bread Company (ABC) produced the *ABC Guide to London* for tourists. English department stores were among the attractions deemed 'acceptable' for 'respectable' women to visit if they chose to shop or dine without a male chaperone.[78] A 1932 Japanese walking tour guidebook was aimed at visiting young couples and pointed out Tokyo's 'Five Great Department Stores' and their accessibility by subway.[79] Rural families and couples increasingly visited department stores because of their role as sight-seeing locales, and five percent of all Japanese department store customers were tourists from local areas.[80] Similarly, the 'Big Four' department stores in Shanghai were featured in a 1934-1935 guidebook.[81] Another 1935 guidebook called *Shanghai lüyou zhinan*, or 'The Travelers' Guide of Shanghai,' even "suggested travel itineraries of three, seven or ten days" that revolved around the city's department stores.[82] In the 1950s, Kingsway department store in Ghana was featured in tourist handbooks throughout Accra and was regarded as a "premier visitors' destination" for government officials and "other important personalities."[83]

Newspaper advertising allowed a store's message to reach a large audience, but store executives needed to gauge the potential investment returns on these publications. Stores needed publications that targeted their specific "geographical or socio-economic market" to see adequate engagement from the public.[84] National and local newspapers were both viable outlets. Placing

[78] Shaw, Curth, and Alexander, "Creating New Spaces of Food Consumption," 96.
[79] Stearns, *Consumerism in World History*, 105; Brian Moeran, "The Birth of the Japanese Department Store," in *Asian Department Stores*, ed. Kerrie L. MacPherson, (London: Routledge, 2013), 166. Tokyo's 'Five Great Department Stores' were: Matsuya, Shirokiya, Takashimaya, Mitsukoshi, and Matsuzakaya.
[80] Stearns, *Consumerism in World History*, 105.
[81] Kerrie L. MacPherson, "Asia's Universal Providers," in *Asian Department Stores*, ed. Kerrie L. MacPherson, (London: Routledge, 2013), 1-2; *All About Shanghai and Environs: A Standard Guidebook 1934-5* (Shanghai: The University Press, 1934-1935), 31. Shanghai's 'Big Four' department stores were: the Sun Sun Company, Sincere, Wing On, and Dah Sun.
[82] Lien, "From the Retailing Revolution to the Consumer Revolution," 365.
[83] Murillo, "'The Modern Shopping Experience,'" 378. The 'important personalities' mentioned are likely upper-class tourists or locals.
[84] Scott and Walker, "Advertising, Promotion, and the Competitive Advantage of Interwar British Department Store," 1107.

advertisements in national papers allowed the store's prestige to flourish and expanded a store's traditional advertising reach.[85] Local papers also served as 'boosters' for stores if they were featured in fashion columns.[86] Rival stores kept track of their competitors' advertisements and compared advertisements' physical sizes to estimate their competitors' budgets.[87] John Wanamaker, the founder of Wanamaker's in Philadelphia, pioneered the full-page advertisement in 1879.[88]

Combined with advertising innovations like drawings or illustrations, standardized layout, and typography, store management began to advertise a "store as a brand" in addition to highlighting particular merchandise.[89] Eighteen national newspapers ran one hundred and four full-page advertisements to herald in Selfridges' grand opening in 1909.[90] Prior to Selfridges, British newspapers maintained a largely conservative bent that discouraged breaking text boxes to fit advertisements. In the 1880s, these conventions had started to loosen.[91] In Japan, it was common to see regular columns in Japanese newspapers that were dedicated to weekly department store promotions and events.[92]

Throughout the 1940s, Hudson's Bay management offered employees a series of advertising courses called *How to Sell Through Advertising*, designed to create more efficient advertising executives who would be familiar with a range of advertising forms.[93] These courses guided employees through multiple advertising topics, including word selection and layout style.

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[85] Moyer and Snyder, *Trends in Canadian Marketing*, 100.
[86] Peter M. Scott and James Walker, "Sales and Advertising Expenditure for Interwar American Department Stores," *The Journal of Economic History* 71, no. 1 (March 2011): 44.
[87] Scott and Walker, "Sales and Advertising Expenditure for Interwar American Department Stores," 51.
[88] Ibid., 42.
[89] Ibid.
[90] Chaney, "The Department Store as a Cultural Form," 27.
[91] Ibid., 28.
[92] Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan," 135.
[93] Some course subjects included: Choosing Words and Sentences, Effective Presentation Layout, Using the Newspaper and Circular, and Selling by Radio.

In 1943, $0.65 of every dollar that the company spent on advertising went to either newspaper or circular advertising.[94] Newspapers were the least expensive medium, after circulars, and enabled the company to sell its message to the public while it was fresh with speed and regularity.[95] These advertisements encountered the least public resistance since newspaper readers expected advertisements to break up their newspaper's text.[96] Hudson's Bay advertisers were trained to use advertisement layout to their advantage, arranging text and pictures in a balanced way that naturally directed a viewer's eye through a vertical advertisement.[97] The company considered the preferred advertisement position, either right page or left, by male and female readers. They discovered that both male and female readers considered the left page preferable.[98]

Each Hudson's Bay store was responsible for its newspaper advertisements, thus contributing to discontinuity between stores.[99] The *How to Sell* manuals tried to create a standardized format for a store's advertising department. *How to Sell* manuals stressed the

[94] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 79: How to Sell Through Advertising, Lesson 11: Using the Newspaper and Circular, 1943, H2-238-4-1. Circular advertisements were an ad or bundle of ads that messengers distributed to peoples' homes. Circulars were often used to announce special selling events or sales. They were inexpensive for company production, costing one-third of a newspaper advertisement's price, thus, useful for targeting families that did not receive newspapers in smaller towns or cities. An advantage of circulars was that they were delivered to every home—unlike newspapers that only went to subscribers—and tended to stay in homes longer since they were small enough to hang on refrigerators or bulletin boards without taking up too much space.
[95] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 79: How to Sell Through Advertising, Lesson 11: Using the Newspaper and Circular.
[96] Ibid.
[97] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 78: How to Sell Through Advertising, Lesson 10: Effective Presentation Layout (2), 1943, H2-238-4-1; Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 77: How to Sell Through Advertising, Lesson 9: Effective Presentation Layout, 1943, H2-238-4-1.
[98] In the manual, company executives indicated that there was an industry conception that the right page was previously held to be the better side for advertisement placement. Therefore, executives were surprised to see the left page as the predominant favourite amongst men and women. A preference for left sided advertisements could be connected to the English language's left to right reading and writing order. A person accustomed to this system would inherently look to the upper left-hand corner of a page as if they were reading a book.
[99] Colour advertising was only available to those stores that had larger budgets. Management encouraged colour printing since colour advertisements sold better than those in black and white. HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 78: How to Sell Through Advertising, Lesson 10: Effective Presentation Layout (2).

importance of word choice and sentence structure in copy. Ads needed to be simple, not dull, and use short, digestible language at a twelve-year-old's reading level.[100] Saxon-based words were preferred to Latin ones since Latin words used up letter count while avoiding directness. By using Saxon-based words, 'exhibit' became 'show'; 'magnitude' became 'size'; 'certain' became 'sure'; 'terminate' became 'end' and so on.[101] Slang was discouraged, as were old-fashioned words, generalities, and superlatives, such as 'best,' 'finest,' or 'highest grade,' since they lacked force, unlike 'enchanting,' 'sleek,' or 'dazzling,' and encouraged nothingness and bias.[102] Company leaders encouraged specificity to make its copy distinct. Consider the following ad copy examples for candy:

> **General Copy Sample**
> Our candies are made of the best and purest ingredients selected with the utmost care and combined with superlative skill.[103]
>
> **Hudson's Bay Copy Sample**
> A lemon fondant made from real fruit, freshly grated; vanilla caramel produced from pure country butter and cream; these rolled together and then covered with Norris chocolate.[104]

The Hudson's Bay example uses specific words that supposedly would sell themselves and foster customer excitement. It also triggers a greater sensory response since customers are likely to know the fragrance and taste of lemon, caramel, vanilla, butter, chocolate, or cream and instantly have a positive association with those words and items. By using these well-structured phrases, not only were the goods specified in a unique way, but it also provided customers with more information about the products without needing copywriters to write an enormous amount of

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[100] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 71: How to Sell Through Advertising, Lesson 3: Choosing Words and Sentences, 1943, H2-238-4-1.
[101] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 71: How to Sell Through Advertising, Lesson 3: Choosing Words and Sentences.
[102] Ibid.
[103] Ibid.
[104] Ibid.

additional explanatory text. During WWII, Hudson's Bay leaders repurposed the word 'substitute' in store ad copy. Prior to the war, 'substitute' carried negative connotations with customers who believed substitutes to be "cheap and inferior."[105] Management sought to educate consumers on a 'substitute' as a quality item when compared to what was to be replaced, and promote patriotism by allowing individuals to do their part to help a country at war.[106]

Events and exhibitions were additional ways that department store management could draw in customers. Exhibitions or festivals often marked a particular social event or holiday that encouraged the public to engage with one another through the department store as a medium. Even if customers were not interested in new products, these events often triggered curiosity.[107] Fashion shows were used for advertising store goods and introducing new styles to the public.[108] Dupuis Frères used fashion shows to showcase expensive fashion to a small audience first. They served as a test group for new trends before the store began to advertise them en masse.[109] Contests and pageants, including baby or beauty pageants, attracted crowds and promised rewards to winners.[110] Pageants were held for employees as well. In Australia, department stores David Jones, Anthony Hordern, and Grace Brothers all had variations of beauty pageants for female employees in the 1940s. They masqueraded under alternative names like 'Most Popular Girl' pageants.[111]

Other events varied by store, ranging from flower shows to book signings.[112] In July 1919, leaders at Wing On offered a hot-air balloon show.[113] Tickets to the event were free if a customer

[105] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 71: How to Sell Through Advertising, Lesson 3: Choosing Words and Sentences.
[106] Ibid.
[107] Lien, "From the Retailing Revolution to the Consumer Revolution," 379.
[108] Murillo, "'The Modern Shopping Experience,'" 384; Ferry, *The History of the Department Store*, 19.
[109] Comeau, "Les grands magasins de la rue Sainte-Catherine a Montreal," 61.
[110] Murillo, "'The Modern Shopping Experience,'" 384-385.
[111] Loy-Wilson, "The Gospel of Enthusiasm," 114.
[112] Ferry, *The History of the Department Store*, 16-17.
[113] Lien, "From the Retailing Revolution to the Consumer Revolution," 375.

made a purchase valued at a minimum of 5 jiao.[114] In 1938, Sincere celebrated Walt Disney's *Snow White and the Seven Dwarfs* release by reimagining the film in a "children's world" amusement zone where themes from the film helped to sell related merchandise.[115] Japanese stores held lively exhibits to usher in the new year. Staff dressed in traditional kimonos and offered guests "complimentary congratulatory sake" and *oshiruko* while visitors enjoyed traditional art and music performances, like *taiko* drum events or *koto* concerts.[116] Girl's Day, Boy's Day, and Coming of Age Day were other common Japanese events.[117] Themed fairs provided stores with the opportunity to present goods revolving around a particular idea, often a country, style of craftsmanship or art, or even simple amusement.[118] Mitsukoshi held its 'Big Amusement Fair' in late July, transforming its seventh floor into a "fairground covered with balloons."[119] Commemorative pamphlets or cards were common store management tools to mark important occasions. Leaders at Anthony Hordern's sent birthday cards to children via their parents to commemorate their special day.[120] Archival evidence shows that throughout the late-1920s, Hudson's Bay executives sent Christmas cards to customers around the world.[121]

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[114] Lien, "From the Retailing Revolution to the Consumer Revolution," 375. The event took place on Wing On's roof-top theatre. There was an elevator fee of 2 jiao and a roof entrance fee of 1 jiao per person to access the theatre. Thus, the hot-air balloon show was expensive and limited its audience to those of the affluent upper classes.
[115] Ibid., 379.
[116] Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan," 132. *Oshiruko* is a traditional Japanese dessert that consists of "pounded rice cakes in a hot sweet bean soup." It is commonly served during the cold-weather months.
[117] Ibid., 132-133. For Boy's Day, Isetan Department Store offered soccer tournaments for boys while Mitsukoshi had an athletics competition and presented plays. On Girls' Day, Mitsukoshi held a special indoor concert. Coming of Age Day celebrated the transformation from childhood to adulthood when a person turned twenty. Department stores often offered discounts or sales specifically directed at the new cycle of adults and even hosted complimentary parties.
[118] Creighton, "Pre-Industrial Dreaming in Post-Industrial Japan," 137.
[119] Ibid.
[120] Ferry, *The History of the Department Store*, 16-17.
[121] Hudson's Bay Company Archives, Archives of Manitoba, Canadian Committee office miscellaneous public relations and historical files, Charles Sale - Christmas Brochure, 1929 - drafts, correspondence, lists of those in Canada, U.S.A., Japan, etc. to whom brochure was to be sent, 1929, RG2/74/7.

Parades were popular and marked occasions of commercial or religious significance, such as St. Patrick's Day. Macy's Thanksgiving Day Parade and Santa Claus Parade are renowned markers of both holiday seasons and famous for their towering balloon floats, first appearing in 1927.[122] In Quebec, Dupuis Frères celebrated Saint-Jean-Baptiste Day with a parade on June 24.[123] The Francophone holiday commemorated "the patron saint of French Canada, Saint Jean Baptiste" and participants viewed this parade as a religious and national affair.[124] Unlike previous "parading traditions" in the nineteenth century, Santa Claus parades did not make "serious reference to civic, national, fraternal, ethnic, or religious identity" because colourful costumes often obscured the participants' identities.[125] Fun was the objective. Despite Christmas' religious connotations, biblical messages or religious references were often excluded or downplayed in these parades, making room for more secular commercial displays.[126] Eaton's Santa Claus Parade began in 1904 as a modest demonstration of Santa Claus walking alongside the Eaton family. Later, it evolved to include floats and live music and ran in two cities, Toronto and Montreal.[127] In Montreal, the first

[122] Ferry, *The History of the Department Store*, 16-17; Penfold, "The Eaton's Santa Claus Parade and the Making of a Metropolitan Spectacle," 9; Elizabeth Peck, "The Making of the Domestic Occasion: The History of Thanksgiving in the United States," *Journal of Social History* 32, no. 4 (Summer 1999): 781-783. See also Steven Penfold, *A Mile of Make-Believe: A History of the Eaton's Santa Claus Parade* (Toronto: University of Toronto Press, 2016). Despite its international acclaim, Macy's Santa Claus Parade began in 1924, after other department store leaders had established their stores' parades. Regardless of the store, most parades were "institutionally and aesthetically similar" with the "same basic characters and styles." Macy's Thanksgiving Parade started in 1924 when Thanksgiving was not seen as a largely commercial holiday. However, the Thanksgiving Parade dimmed the holiday's non-commercial attributes and allowed the store to commercially link Christmas and Thanksgiving together. In America, President Franklin D. Roosevelt "changed the date of Thanksgiving to the third Thursday in November to lengthen the Christmas shopping season" in 1939. Roosevelt's decision was reversed in 1941, returning Thanksgiving to the last Thursday in November.

[123] Dupuis-Leman, "Christmastime chez Dupuis Frères," 24.

[124] Matthews, "Working for Family, Nation and God," 62-63. The parade allowed Francophones to publicly showcase their pride in French-Canadian heritage. In Montreal, this parade was the second most prominent parade holiday after Christmas.

[125] Penfold, "The Eaton's Santa Claus Parade and the Making of a Metropolitan Spectacle," 7.

[126] Ibid., 8.

[127] Marc Montgomery, "History: Dec 02, 1904 – Longest Running Children's Parade Begins in Toronto," *Radio Canada International*, December 2, 2015, https://www.rcinet.ca/en/2015/12/02/history-dec-02-1904-longest-running-childrens-parade-begins-in-toronto/; "About – The History," Santa Claus Parade, accessed July 14, 2020, https://thesantaclausparade.com/about/#history.

Eaton's Christmas Parade in 1925 cost $100,000 and was purposely aimed at associating Eaton's stores with wealth and prosperity.[128] The Toronto parade outlived Eaton's involvement in 1982 and has continued long after the store's closure in 1999. Christmas parades remain a longstanding tradition in many locales around the world.

Catalogues, newspapers, and exhibitions provide some of the earliest examples of department store managerial techniques in advertising. Through them, it is possible to see that leaders used tactics that mirrored the visual merchandising efforts they used in stores. As technology evolved, store management gained greater opportunities to reach prospective clientele. However, new advertising avenues required leaders to develop new approaches.

[128] Michelle Comeau, "L'enfant courtisé: Santa Claus entre le commerce et la magie," *Cap-aux-Diamants*, no. 40 (Hiver 1995): 23, 25. Store leaders recognized that Christmas was for the privileged. In 1920, management at Dupuis Frères covered partial costs of train journeys to see their store at Christmastime. Other stores in Montreal like Eaton's, Morgan's, Simpson's and Ogilvy's participated in charity campaigns to aid the less fortunate during the holiday season and attach their names to important causes.

CHAPTER 10
The Art of Selling II: Modern Techniques, Media, and Cheerful Efficiency

For department store managers, radio was an opportunity to integrate new technology into their advertising tactics. Radio first rose to prominence in the 1920s. Commercial broadcasting stations emerged in Canada throughout the 1930s.[1] Large-scale retailers benefited, allowing them the opportunity to outmaneuver small-scale stores.[2] It also allowed department store leaders to educate potential customers on products in a novel way.[3] Eaton's and Los Angeles-based department store Hamburger's were among the first to have their own radio stations in 1921.[4] Besides music concerts, some stores used radio broadcasting to give "lectures on home cooking, on house furnishing and decoration, on sewing, [and] on new style trends" that were aimed at, primarily, female clientele.[5] Some department stores hosted radio programs at Christmas to announce Santa's progress.[6]

Hudson's Bay's *How to Sell* manual on radio selling emphasised harnessing radio's entertainment quality. It could create a receptive mood, stimulate imagination, utilize the human voice, and reach an entire family at once.[7] Management estimated that 97.6% of Canadians were potential radio listeners.[8] Thus, properly conceived radio advertisements could allow leaders to

[1] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 80: How to Sell Through Advertising, Lesson 12: Selling by Radio, 1943, H2-238-4-2.
[2] M.S. Moyer, "The Roots of Large Scale Retailing," *Journal of Marketing* 26, no. 4 (October 1962): 58.
[3] Noah Arceneaux, "A Sales Floor in the Sky: Philadelphia Department Stores and the Radio Boom of the 1920s," *Journal of Broadcasting & Electronic Media* 53, no. 1 (March 2009): 79.
[4] Arceneaux, "A Sales Floor in the Sky," 79. Eaton's radio station was 9BA, and Hamburger's was 6XAK. Eaton's executives used their radio station to broadcast music concerts to listeners. Their broadcasting station also served as a receiving station where customers could "transmit orders for radio supplies to the store."
[5] Ibid., 80.
[6] Comeau, "L'enfant courtisé," 22-23. In Canada, Eaton's had a radio program dedicated to Santa's arrival from the 1920s to mid-1950s. Dupuis Frères had a similar program in the 1920s.
[7] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 80: How to Sell Through Advertising, Lesson 12: Selling by Radio.
[8] Ibid. Hudson's Bay Company had owned and operated numerous radio stations that connected their trading posts prior to radio's increased popularity.

create a personality or image for their store that lasted in consumer minds.[9] Advertising personnel hoped certain departments, and services, would lend themselves to the imagination required of radio. Particular articles connected to sensory imagination: beauty services, shoes, optical, eateries, upholstery, draperies and wallpaper, fur storage, monogramming, photo studio, telephones, delivery, and personal shopping.[10] Vivid descriptions were meant to express a positive spirit and easily connect to visualizations that customers were familiar with, like 'sea green' or 'sky blue' as descriptors.[11] Leaders auditioned announcers to find voices that were "animate without being affected, intelligent, pleasant, likeable." They would become the voice of the store. Management matched the on-air talent to the items or services being sold. Female announcers were more common when advertising products for women and vice versa for men.[12]

Executives grouped radio programs into five styles: 1) announcements that were fifty to one hundred words; 2) five-minute programs; 3) quarter-hour programs; 4) half-hour programs; and 5) an hour or more than an hour length programs.[13] The length of the program, the type of item, and the advertisement's time slot needed to be properly aligned to maximize its listening potential. For instance, children's ads needed to be quick and engaging and air when they were neither at school nor asleep. This made breakfast time and a 4:00 pm to 7:00 pm window ideal.[14] Time slot consistency ensured that an audience could be built over time, contributing to greater sales potential. Radio was expensive. First, much of the cost went to paying on-air talent.[15] Second, Canadian broadcast regulations originally disallowed price quoting. This eliminated one of the

[9] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 80: How to Sell Through Advertising, Lesson 12: Selling by Radio.
[10] Ibid.
[11] Ibid.
[12] Ibid.
[13] Ibid.
[14] Ibid.
[15] Ibid.

department store's key features—emphasis on great prices. Third, dishonest sales tactics had prejudiced some audiences.[16]

Television followed radio as an advertising medium and continued to build on the idea of stores as brands, much like newspapers and radio had done previously. Moreover, television advertising was "less devoted to item advertising" than selling images, concepts, and feelings to customers.[17] Coca-Cola's 1971 advertisement 'Hilltop'—famous for its line "I'd like to buy the world a Coke"—is one notable example of how the ad's theme of universal harmony went on to transcend Coca-Cola's products.[18] Department store management used television as an advertising medium much like other retailers and continue to do so. Television advertisements replaced radio as the prominent technological advertising form. Some store leaders transitioned their radio-themed programs to television. However, store image had to align with the image perpetuated on television. In the early-1980s, Simpson's encountered difficulty when its advertisements portrayed a store that was "classy" and a "little way out," but the public criticized the stores as less sophisticated or modern than they had been led to believe.[19]

Like other Canadian department stores, Hudson's Bay was advertised on television. Company executives charted Canadian television statistics and tailored their in-store displays and windows to correlate with their television spots.[20] By 1967, 96% of Canadian homes were within

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[16] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 80: How to Sell Through Advertising, Lesson 12: Selling by Radio.
[17] Rachman and Fabes, "The Decline of the Traditional American Department Store," 53.
[18] Travis M. Andrews and Fred Barbash, "'I'd like to buy the world a Coke': The Story Behind the World's Most Famous Ad, in Memoriam Its Creator," *The Washington Post*, May 17, 2016, https://www.washingtonpost.com/news/morning-mix/wp/2016/05/17/id-like-to-buy-the-world-a-coke-the-story-behind-the-worlds-most-famous-ad-whose-creator-has-died-at-89/.
[19] HBCA, Hudson's Bay Company market research records, File 38: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Toronto - Study #83-10.
[20] Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, The Bay and television advertising [study], 1968, H2-234-5-2; Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 71: Advertising – General, 1975-1977, H2-246-5-6. The majority of commercials revolved around fashion and accessories.

range of a television station. Individuals averaged 6 hours and 8 minutes of television viewing per day.[21] The home television had become the most popular leisure appliance, surpassing phonographs, automobiles, and telephones, with a 93% ownership rate.[22] Hudson's Bay television commercials were between eight and sixty seconds in length. The ads focused on one item versus multiple goods since that approach sold better.[23] Store executives conceived that children growing up in the 1960s had not lived in a world prior to television; thus, they were an excellent target market.[24]

In the post-millennium world, social media has served as a primary focus for online advertisers. Many social networking sites, like Twitter and Facebook, contribute to 'engagement opportunities' between customers and stores.[25] They also allow companies to access larger demographics or more specific demographics by levelling a "specific interest, marital status, gender, [or set of] targeted words" that are beneficial to the company's advertising strategy.[26] Particular advertising campaigns can be online exclusives, aiming to increase department stores' online platforms. Sales promotion pop-ups often highlight the benefits of shopping online versus in-store, which can offset declining in-store patronage. J.C. Penney ran a successful series of holiday campaigns called "Just Got Jingled" in 2014 that allowed customers shopping at the store to receive "surprise gifts from complete strangers."[27] Not only did the campaign support the store, but it also advertised the traditional 'tenets' of Christmas—like humility and generosity.

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[21] HBCA, HBC corporate secretary's subject files, The Bay and television advertising [study].
[22] Ibid.
[23] Ibid.
[24] Ibid. Not all children would have equal access to television or been have permitted to view it by their parents.
[25] See Chapter 6 for more on e-commerce's effect on department stores.
[26] Ahmed Y. Mahfouz, et al., "A Classic American Department Store's Resurgence to Glory: Using Social Media and Online Advertising Strategies to Generate Revenue," *Southern Journal of Business and Ethics* 9 (2017): 182.
[27] Mahfouz, et al., "A Classic American Department Store's Resurgence to Glory," 186; JCPenney, "The Gift of Giving with JCPenney," December 2, 2014, YouTube video, 3:37, https://youtu.be/v5T8QwIyDkE.

All of these advertising avenues employed techniques build upon the 'original' store advertiser: employees. Retailers recognized that personnel could influence customer experience. Sales employees, the front-line in all retail establishments, play an instrumental role in crafting valuable consumer experiences. Any form of selling that involved a personal connection was difficult to script. However, at the same time, enforcing high customer service standards was a characteristic of department store success. To attain these high-quality standards, department store managers issued service codes and instructed them in advantageous sales techniques.

At their onset, customer service distinguished department stores from their competitors by providing high-quality, personalized shopping experiences based around courteous service that was intelligent, effective, practical, pleasant, and unreproachable.[28] Customers—regardless of class—could expect to be waited on quickly with a polite and helpful demeanour, even if they did not make a purchase, merely an inquiry about a product or service.[29] This allowed working-class individuals the opportunity to feel more comfortable in activities that were previously restricted to the upper classes.[30] Newfound interactions between salespeople and customers required the development of new social skills that department store leaders expected to see in their sales staff.[31]

Both men and women worked in department stores; however, initially, stores were staffed solely by men—with young, unmarried men as ideal.[32] In Europe and North America, the

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[28] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/W5,0004. Améliorons notre service pour mieux réussir, 8 septembre 1952.
[29] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/W5,0004. Améliorons notre service pour mieux réussir, 8 septembre 1952; Phillips, *How Department Stores are Carried On*, 54; Elizabeth A. Burnham, "Key Problem of Retail Store Selling," *Harvard Business Review* 33, no. 1 (January/February 1955): 105. Burnham highlighted that during the 1920s and 1930s, retail store organization charts listed retail employees who managed customer service departments with 'customer service' titles rather than 'sales management' titles to stress the growing importance of the customer service sector.
[30] Lancaster, *The Department Store*, 196.
[31] Chaney, "The Department Store as a Cultural Form," 23.
[32] Crossick and Jaumain, "The World of the Department Store," 16.

department store floor's mass feminization did not occur until the interwar years.[33] A 1920 edition of *The Beaver* reminded "H.B.C. Girls" that employment at Hudson's Bay allowed them the opportunity to raise themselves to the level of their future husbands since getting a husband "above their original 'class'… [was what made them] truly *successful women*."[34] In East Asia, there were instances of female employees entering the department store workforce as early as 1900. Japanese stores Mitsukoshi and Takashimaya hired their first in 1900, while Chinese department stores had some instances of female sales clerks in the 1920s.[35] The beauty of female salespeople was an attribute that Korean, Japanese, and Chinese stores used to attract customers. Neighbouring Korean stores Dongah and Hwashin Department Store competed over the beauty of female employees in the 1930s.[36] At Macy's, women were preferred to wait-on female customers, particularly in departments like cosmetics; yet, the departmental system segregated employees: keeping "young pretty women for the street floors, motherly types for the children's departments and older, dignified women for the more expensive departments."[37] Also, female employees could outnumber their male employees because women were paid lower wages and less likely to unionize or strike.[38]

[33] Crossick and Jaumain, "The World of the Department Store," 16.
[34] "To H.B.C. Girls," *The Beaver* I, no. 2 (November 1920): 11. Store leaders required women to leave their jobs once they got married or, at the latest, if they became pregnant.
[35] Stearns, *Consumerism in World History*, 96; Hong, "Transcultural Politics of Department Stores," 137. The employment of female sales clerks drew criticism that caused female employment to be "abandoned for a time" to avoid public "anxiety" and sensationalism.
[36] Hong, "Transcultural Politics of Department Stores," 137-138, 140. The competition ended in 1932 when Dongah became the target of scandal, drastically damaging the store's reputation amongst its clientele. Some of their male managers were accused of having relations with the female sales personnel. Most department stores forbade romantic relationships between staffers. In East Asia, male employees were "disciplined" workers to contrast women as "beautiful workers." Department store leaders trained their male employees "in a patriarchal and military fashion," as well as housing them in dormitories to train them as "merchant soldiers." The training's design highlighted store leaders' desires to build "a person's whole character through intellectual, social and physical training."
[37] Benson, "Palace of Consumption and Machine for Selling," 211.
[38] Hong, "Transcultural Politics of Department Stores," 28-29.

Throughout the 1910s and 1920s, American department store leaders honed employee skills through training departments.[39] Employers wanted to know that they could trust employees to have the "intelligence and judgement" necessary to make decisions. Not only would it hasten selling transactions, but it would allow senior sales personnel the opportunity to praise subordinate employees and give salespeople a sense of personal accomplishment.[40] Store leaders wanted training to mould employees into "personalities," driven by the core aspects of a store's ethics—sometimes based on moral or religious ideas.[41] Salespeople were trained to know "the 'higher' things" or luxury goods they sold to increase working efficiency, but not to think that they were equal to customers.[42] In some stores, a discontinuity in self-image led store owners to offer more staff services to inspire their salesforce.[43] In others, the contrast between a store's glamour and excitement and mundane routine provided salespeople with the opportunity to develop a "surrogate identity and status" that aided them in combatting long working hours.[44] Regardless of store leaders' intentions to create harmony—or the illusion of harmony—in the workforce, stores experienced protests and strikes by discontented staffers.[45] Store leaders tried to pacify employees by acknowledging employees' significant roles in a store's operation, having senior staffers know all employees' names, or providing amenities to families.[46]

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[39] Pasdermadjian, *The Department Store*, 38.
[40] Henry G. Baker, Sr., "Identity and Social Responsibility Policies: Six Large Corporations Examined," *Business Horizons* 16, no. 2 (April 1973): 27; Evan Roberts, "'Don't Sell Things, Sell Effects': Overseas Influences in New Zealand Department Stores, 1909-1956," *The Business History Review* 77, no. 2 (Summer 2003): 289.
[41] Loy-Wilson, "The Gospel of Enthusiasm," 103.
[42] Benson, "Palace of Consumption and Machine for Selling," 207; Crossick and Jaumain, "The World of the Department Store," 17. In-house paternalism occurred on many department store sales teams.
[43] Benson, "Palace of Consumption and Machine for Selling," 207; Loy-Wilson, "The Gospel of Enthusiasm," 104. Australian department store Anthony Hordern provides an example of staff welfare in a large company during the 1920s. Management at Anthony Hordern's offered its employees the following facilities: "a medical officer and nurse, a library, a musical society, dancing, sports, a provident fund, and classes in commerce and salesmanship, physical culture, cooking, drama, psychology, literature, hygiene, home nursing and millinery."
[44] Chaney, "The Department Store as a Cultural Form," 24.
[45] Belisle, *Retail Nation*, 218.
[46] Michman and Greco, *Retailing Triumphs and Blunders*, 30; Trudel, "Famille, Foi et Patrie," 29.

Customer service relied on a combination of principles—based around physicality, mentality, morality, finances, and sociability—that became instilled into sales staff during their training and probationary periods.[47] Politeness, courtesy, and honesty featured prominently to make customers feel as though they could trust the sales associates' recommendations.[48] Mistakes had the potential to harm the store's reputation, cause unnecessary expense, subject employees to reprimands, and weaken self-confidence in one's abilities. Thus, consideration needed to be put into every action and exchange.[49] A good smile that used candour and interest, not shamelessness, was like a currency that brought consumer goodwill. Then, eye contact enabled an employee's welcome and smile to retain its effect.[50] Pleasant expressions like 'Hello,' 'Good morning,' 'Yes or no, Sir,' and 'please' helped maintain professional standards and a good and friendly spirit.[51] All customers needed to be greeted appropriately and consistently, and there was to be no favouring of wealthier clientele.[52] A customer was never to be questioned about their number of purchases through impertinent statements like: 'That's all?' or 'Nothing else?' since those statements carried negative connotations and could potentially shame customers.[53] Even if a customer decided not to make a purchase, 'Thank You'—never 'Thanks'—needed to become automatic and sincere.[54]

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[47] "50 Manieres de S'ameliorer," *Le Duprex* 1, no. 12 (Septembre 1927): 2.
[48] Phillips, *How Department Stores are Carried On*, 35-37; Michman and Greco, *Retailing Triumphs and Blunders*, 19. Stores that used a commission-based system experienced instances of lower trustworthiness in the eyes of the public. Customers linked commission to dishonesty since they were under the impression that any sale was made for the employee's gain versus the customer's benefit.
[49] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/W5,0004. Améliorons notre service pour mieux réussir, 8 septembre 1952.
[50] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/G1. Communications internes, [1934]-1978.
[51] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/W5,0004. Améliorons notre service pour mieux réussir, 8 septembre 1952.
[52] Fujioka and Stobart, "Global and Local," 271.
[53] "Introducing Other Merchandise," *The Beaver* IV, no. 3 (December 1923): 91.
[54] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/G1. Communications internes, [1934]-1978.

Management expected salespeople to service customers promptly and focus on customers as they served them.[55] They were not to speak with other customers or employees while servicing a current customer.[56] Criticisms of the store, other staffers, or customers were condemned as rude and disrespectful.[57] Managers were mindful of the thin boundary between labour relations and a store's atmosphere. Moreover, they recognized perfectly that in-store business was closely associated with class expectations. Therefore, they assumed with justification that customers would disapprove of employees with an unkempt appearance, who yawned, slouched or sulked. Unprofessional manners included slang, pet names, or a failure to refer to visitors as Mr., Mrs., or Miss.[58] Dedication and vigilance were additional driving factors. Store leaders expected employees to go above and beyond to satisfy customers. Japanese department stores had Gaisho departments whose employees would visit loyal customers at home or place of work.[59]

An interest and extensive knowledge of one's merchandise were also important.[60] Staffers showed a variety of merchandise to inquiring customers in multiple price ranges. Questions allowed sales personnel to direct customers towards a more expensive item.[61] Exposure to craftsmanship or beauty could be enough to close a more expensive sale. Questions were opportunities. Sales staff needed to be capable of answering questions and explaining the reasoning for price changes or the reasons guiding new trends.[62] If the answer to a question was unfavourable

[55] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/W5,0004. Améliorons notre service pour mieux réussir, 8 septembre 1952.
[56] "Customers Don't Like," *The Beaver*, no. 2 (September 1928): 75.
[57] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/G1. Communications internes, [1934]-1978.
[58] "Customers Don't Like," 75; Fujioka and Stobart, "Global and Local," 271.
[59] Rika Fujioka, "Japanese Stores: A Failure in Globalisation," (paper presented at British and Japanese Enterprise: Technology, Knowledge, Culture and the Challenges of Globalisation, Cardiff University, August 8-9, 2011), 2-3. 'Gaisho' means 'external customer' in Japanese.
[60] *Le Duprex* 1, no. 1 (Octobre 1926): 2.
[61] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/G1. Communications internes, [1934]-1978.
[62] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/W5,0004. Améliorons notre service pour mieux réussir, 8 septembre 1952. Training programs emphasised the importance of using one's free time to follow trends and expand a person's knowledge of merchandise.

to a store, answering with honesty and tact projected a salesperson's knowledge to customers and enhanced the store's reputation for trustworthiness.[63] Showing interest helped stimulate consumer interest, increase their odds of making a sale, and reaffirm to the customer that serving them was a pleasure.[64] Employees needed to be convincing in their sales tactics to persuade customers that a product or service was right for them.[65] In that case, staffers could politely dispel a customer's objections with well-supported facts and arguments.[66]

Hudson's Bay's training program can provide a glimpse into the specific sales training programs that department store management used during the mid-1900s. In 1963, Hudson's Bay's training manual stated its purpose to "serve as a guide for personnel executives and training representatives in the planning, preparation and administration of effective training programs."[67] The manual stated that training was not designed as a "'welfare' activity…to make employees happy."[68] The training was meant to increase the company's overall effectiveness in function and organization by increasing the "effectiveness of the personnel that [made] up the organization."[69] Management did not view training as a "two-way process," but a relationship between an attentive teacher and an interested learner.[70] Hudson's Bay executives believed that a dedicated, large-scale investment in training would better a return, including "an increase in employee production," "improvement of operating methods," "reduction of selling costs," "simplification of the

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[63] "Instruction to Salespeople," *The Beaver* I, no. 2 (November 1920): 17, 21.
[64] Archives – HEC Montréal, Fonds Dupuis Frères Limitée, P049/G1. Communications internes, [1934]-1978.
[65] Charles Marchand, "How to Increase Our Sales," *Le Duprex* 1, no. 9 (Juin 1927): 2.
[66] Marchand, "How to Increase Our Sales," 2.
[67] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 154: Staff Training Manual, 1963, H2-238-5-3.
[68] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 154: Staff Training Manual.
[69] Ibid.
[70] Ibid.

supervision problem," "reduction in turnover and improvement of morale," and instantaneous and long-term confidence in employees.[71]

Every Regular Selling Staff member received an employee handbook—discussing dress code, discounts, working hours, etc.—a history of the Hudson's Bay Company, a book on salesmanship, a store directory, store organization chart, salescheck-systems folder, code of service card, basic employee conduct policies, information on Hudson's Bay's credit plans, and any merchandise material that directly related to the trainee's role.[72] Formal training occurred in a classroom setting and on the sales floor to allow trainees to master human relations and salesmanship techniques.[73]

New trainees were paired with department sponsors who would aid them in transitioning from training to servicing customers alone.[74] Sponsors were the first port of call for trainees to acquire new information. They instructed trainees in a number of tasks, ranging from when to take lunch breaks to where merchandise stock was located.[75] Sponsors also prevented a feeling of neglect that was "likely to develop…against the Company" if trainees did not feel adequately supported.[76] During their training, sponsors quizzed trainees on knowledge, specifically knowledge of store systems, regulation, and merchandise.[77] Sponsorships officially lasted for two-week periods, after which the sponsor would submit a report on their trainee's progress to the Training Department. If the trainees passed their review, they could continue their training independently via self-training experience, weekly department meetings on merchandise,

[71] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 154: Staff Training Manual.
[72] Ibid.
[73] Ibid.
[74] Ibid.
[75] Ibid.
[76] Ibid.
[77] Ibid.

attending employee lectures, or borrowing books, films, or slides on various topics from the departmental staff library.[78]

Publications in the departmental staff library included a series of manuals written by store management called *Do You Sell Your Merchandise?* dating from the late-1930s to early-1940s. These books covered different merchandise topics and their sale techniques, providing employees with new ideas and keeping their "sparkle" alive.[79] Customer types, physical and verbal selling cues, and suggestive selling were some of the topics featured. Examining and comparing elements from three department manuals on cosmetics, children's wear, and fruits and vegetables highlighted tactics used for selling in each department.

Regular or "personal customers" received special attention from sales employees.[80] Remembering client names and welcoming them with a homey or pleasant atmosphere contributed to personalized experiences and influenced consumer temperament, thus, making selling "twice as easy."[81] Staffers used card indexes or notebooks to remember more detailed information about their customers, whether they used cash or charge, what products they had purchased, and those items' prices. This allowed employees to follow-up on previous purchases and add a "terrific amount to [the customer's] sense of importance."[82] Notebooks were also used to track promises, like intended delivery dates. If a delivery could not be delivered on the promised date, the sales clerk could telephone the customer and explain the delay and provide a new date.[83] In the event of

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78 HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 154: Staff Training Manual.

79 Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 8: Do you sell your merchandise? Cosmetics, 1941, H2-238-3-1. The manuals' material was accumulated from various 'successful' sales personnel across Hudson's Bay stores.

80 Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 26: Do you sell your merchandise? Fruits and vegetables, 1941, H2-238-3-3.

81 HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.

82 Ibid.

83 Ibid.

returns, money was to be given happily to help build a regular customer following.[84] Non-regular or 'abnormal' customers to be handled carefully.

Sample customer profiles provided in the manual allowed employees to see how a customer with an irregular temperament could be managed while still engaging in polite and friendly dialogue. Management wanted these profiles to provide salespeople with the confidence to service a customer who appeared at the store in an unexpected demeanour. It also prepared them for the possibility of losing a sale. *Do You Sell Your Merchandise?* featured six profiles: 1) indecisive customers; 2) know-it-all customers; 3) over-talkative customers; 4) silent customers; 5) inattentive customers, and 6) disagreeable customers.[85]

Indecisive customers were easily overwhelmed or confused by the store's array of merchandise. Employees could combat indecision by showing merchandise at a slower pace.[86] If the customer seemed interested in an item, the staffer could probe their preferences and lead the customer to a decision. Leading questions were meant to allow the customers to think that they had reached the decision by themselves.[87]

Know-it-all customers discussed merchandise with employees as though they were more knowledgeable than the sales clerk. Employees needed to never argue with these customers. Humour or flattery was recommended, such as "I can tell you are a careful shopper" or "It's a pleasure to wait on a person who knows as much about [this item] as you do."[88]

[84] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.
[85] Ibid. The manuals' profiles are women and do not show men as having diverse personalities or tendencies when shopping. While the guidelines would be applicable regardless of sex, the use of women-only profiles showed that company executives expected most shoppers to be women. Information in the manuals, including the customer profiles, was complied by Hudson's Bay employees in the manual's department.
[86] Ibid.
[87] Ibid.
[88] Ibid.

Customers who were over-talkative were in search of a "friendly listener."[89] It was the employee's job to listen carefully and sympathetically yet take advantage of strategic pauses to switch the conversation back to merchandise. However, quickly turning the conversation onto goods could come across as "impatient or unfriendly" if not executed with finesse.[90] Sales staff benefited from over-talkative customers since they offered personal information, making it easier to find a customer's interests.

The manual explained silent customers in ways that, despite some insensitive language, encouraged consideration from sales personnel. Some silent customers did not speak because they did not have strong English skills, had "a speech handicap," were "naturally timid or…unintelligent."[91] Silent customers responded best to employees who approached them in a calm and quiet manner. Salespeople who tried to force these customers to speak could potentially scare them away.

Inattentive customers were among the more difficult. They reacted minimally or slowly, were preoccupied with their thoughts, or were "flighty or excitable."[92] Catching these customers' attention involved "interesting and colourful" language, plus an element of drama.[93] Employees could allow customers to hold the merchandise, demonstrate its use, or have them taste it to actively involve them in the buying process.[94] Asking about opinions forced engagement long enough to make a sale.

[89] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.
[90] Ibid.
[91] Ibid.
[92] Ibid.
[93] Ibid.
[94] Ibid; HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 26: Do you sell your merchandise? Fruits and vegetables.

Disagreeable customers were ones that employees were least likely to face. The manual described them as possibly struggling with "financial worries," "ill-health," or were "un-balanced."[95] Employees had to keep an "unruffled disposition" and treat these customers as naturally and friendly as they would any other.[96]

Do You Sell Your Merchandise? manuals instructed employees in physical and verbal cues for showing merchandise. A rule across departments was that merchandise should be handled "appreciatively." Employees should appear impressed by the goods.[97] For beauty articles, an element of grace when showing a product added to its packaging. Throughout Hudson's Bay stores, there was an emphasis on showing customers a product via a demonstration or allowing them to feel a fabric or material. For example, if a children's wear employee described an item as "self-help" then demonstrating that a zipper closed a jacket faster than buttons confirmed the feature.[98] A shoddy demonstration could dim an item's brightest features. Perfume scents were easily confused if an employee showed a customer too many fragrances at once. Plus, employees had their own scent—intentional or not—that could influence an aroma. Employees removed perfume stoppers, dried them, and then handed them to customers, removing scent contamination.[99]

In produce departments, management had employees use physical cues that appealed to customers' senses, specifically sight, scent, and touch. Fruits and vegetables had the natural

[95] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.
[96] Ibid.
[97] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 26: Do you sell your merchandise? Fruits and vegetables; Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company retail merchandising and sales training manuals, HB2007/202, File 15: Do you sell your merchandise? Children's wear, 1941, H2-238-3-2.
[98] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 15: Do you sell your merchandise? Children's wear.
[99] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.

advantage of being appealing to the eye. Merchandise displays presented fruits and vegetables with their stems facing down, away from customers. When showing a fruit or vegetable, an employee would pick it up by the stem, concealing it in their hand and showing the smooth side to the customer.[100] Produce salespeople used colour contrast, like placing bright green onions next to ruby red tomatoes, to make items "seem even more tempting."[101] Drawing attention to a fruit or vegetable's scent increased desirability and summoned the taste. Scent was stressed since fruits were "perishable and easily bruised."[102] Vegetables could withstand thorough customer inspection.

Verbal cues implored employees to "use value" when discussing goods or services. The principle 'use value' meant that staffers had to stress "what the goods [would] do for the customer."[103] Selling was directed at appeals that suited the customer's value. Employees in the children's department needed to satisfy both a parent's and a child's value. Parents sought value through durability first and then attractiveness and style. Garments that looked flimsy could not survive an average child's playtime.[104] Children saw value in sociability—whether their friends wore the same shirt, shoes, or dress—and idolatry if someone they admired wore the item they wanted.[105] Cosmetics carried different value based on age. Individuals in their twenties bought for fashion; those in their thirties and forties bought for youth; those older bought for grooming.[106]

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[100] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 26: Do you sell your merchandise? Fruits and vegetables.
[101] Ibid.
[102] Ibid.
[103] Ibid.
[104] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 15: Do you sell your merchandise? Children's wear.
[105] Ibid. The manual encouraged appealing to children during sales pitches since they tended to have power in influencing their parents' purchases.
[106] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.

In *Do You Sell Your Merchandise?* manuals, management expanded the 'use value' approach to contain specific words and sentences that secured a sale since they described products in a "vivid, snappy" way that accentuated scent and texture.[107]

TABLE 12. Hudson's Bay Cosmetics Department Words and Sentences that Sell		
Targeted Appeal	Word Examples	Sentence Examples
Fashion	Modern, correct, interesting, popular, fashion-right	"Fashionable women everywhere always match their nail polish to their lipstick." "This is the new lipstick to go with the new fall colours."
Youth	Dewy, fresh, vivid, delicate, romantic, refreshing, invigorating	"This cream will make your face feel soft and dewy." "This rinse gives the hair a natural colour." "Nothing expresses your mood so well as perfume."
Grooming	Clean, dainty, sweet, soothing, lasting	"This foundation holds your powder on for hours." "This lipstick gives a soft, protective film to your lips that helps prevent chapping."
Note: Adapted from *Do You Sell Your Merchandise? Cosmetics.*[108]		

TABLE 13. Hudson's Bay Fruits and Vegetables Department Words and Sentences that Sell		
Product	Word Examples	Sentence Examples
Apricots or Peaches	Luscious, golden, sweet, juicy, plump, ripe	"Delicious for shortcake, pie, fruit salad, or sliced with cream."
Cabbage	Firm, solid, crisp, tender, new, tightly wrapped	"Red cabbage adds variety and colour to the meal."
Peppers	Smooth, shiny, glossy, well-shaped, thick-fleshed	"They add interest to a salad." "Very tasty when stuffed."
Tomatoes	Plump, firm, red, smooth, glossy, solid	"Refreshing sliced or in salads." "Serve broiled, baked or stewed with any kind of meat."
Watermelons	Crisp, sweet, juicy	"A treat for the children." "Delicious served ice cold as a dessert."
Note: Adapted from *Do You Sell Your Merchandise? Fruits and Vegetables.*[109]		

These so-called 'selling words' attached the product to an idea or an image of what a customer wanted or wanted to be. An apple becomes a part of a dessert that a family can enjoy together or a new lipstick shade lets a customer feel like a celebrity. Blunt negativity was condemned, though euphemisms were useful. A product was never 'cheap.' It was 'inexpensive.' Employees were never to discuss price unless a customer asked since management discouraged

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[107] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.
[108] Ibid.
[109] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 26: Do you sell your merchandise? Fruits and vegetables. Hudson's Bay leaders outlined the descriptions of thirty-five fruits and vegetables.

staffers from 'selling price' instead of value.[110] Value could be found in any product since the store only sold quality merchandise. Failing to highlight value undermined the company.[111]

The final sales technique that Hudson's Bay management taught to employees was suggestive selling or upselling. Suggestive selling is the act of trying to sell additional goods that are closely related after a customer has decided on an initial item. The intention is to increase the number of items each customer buys.[112] A casual tone was needed for suggestive selling.[113] Suggestive selling followed five key principles: quantity, staples, seasonality, new merchandise, and related merchandise.

For quantity, an appropriate 'suggestive sell' would increase the size or quantity of the item the customer was purchasing. Powders, foundations, and other cosmetics have greater value in larger sizes.[114] Frequently used products or staple goods in everyday use, like powder puffs or baby nappies, were convenient and, at times, less expensive if bought in greater quantities.[115] Seasonality involved using a season change to the store's advantage. Winter and summer called for season-specific goods, like sun-cream or gloves. Sales personnel could suggest them once the weather changed.[116] Entering a new fashion season also influenced colour palettes and new merchandise.[117]

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[110] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 15: Do you sell your merchandise? Children's wear.
[111] Ibid.
[112] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 26: Do you sell your merchandise? Fruits and vegetables.
[113] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 15: Do you sell your merchandise? Children's wear.
[114] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.
[115] Ibid; HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 15: Do you sell your merchandise? Children's wear.
[116] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.
[117] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 26: Do you sell your merchandise? Fruits and vegetables.

Selling based on related merchandise received extensive attention in *Do You Sell Your Merchandise?* handbooks. Customers were encouraged to become "ensemble-mind-ed."[118] If a customer was buying a dress, the employee could suggest a hat, handbag, or slip that matched.[119] Items that commonly went together could be suggested without offence since customers expected those pairings. If a guest was buying eye shadow, the employee could suggest mascara, eyebrow pencils, eye lotion, or tweezers as additional goods.[120] The *Do You Sell Your Merchandise?* manual for fruits and vegetables outlined possible meal combinations to aid employees in making suggestions. One scenario featured a customer who was buying sweet potatoes and planned to serve ham. The employee could suggest orange sauce, spiced crab-apples, stuffed peppers, or peach shortcake as compliments.[121] Leaders recognized that suggestive selling was unlikely to secure an additional sale every time, but a staffer could plant the seed of desire, which might bring a return trip.[122]

Customer service and employee training were to ensure that customers received the department store standard of service. Without extensive training, employees would not have been able to optimize merchandise facts and sales techniques. Whether Hudson's Bay employees frequently consulted additional training manuals like the *Do You Sell Your Merchandise?* series is unknown; however, the existence of this literature shows management's perceptions of the art of retailing and the store's culture.

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[118] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 15: Do you sell your merchandise? Children's wear.
[119] Ibid.
[120] Ibid.
[121] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 26: Do you sell your merchandise? Fruits and vegetables.
[122] HBCA, Hudson's Bay Company retail merchandising and sales training manuals, File 8: Do you sell your merchandise? Cosmetics.

Department store sales techniques started to influence the public before they entered their stores via captivating display windows that promised a glamourous consumer world inside. Visual merchandising displays used sensory stimuli and display principles to entice customers and showcase merchandise in an aesthetically pleasing and functional way. Advertising campaigns targeted potential customers through spectacular events and various mediums like newspapers, radio, and television. These mediums allowed store leaders to craft their store's image through carefully selected words and images. Once in a store, proper sales techniques imposed on sales employees allowed customers to experience the personalized service and special treatment that corresponded to the luxurious environment surrounding them.

Without manipulating physical space inside and outside the department store, management would not have successfully perpetuated the department store as an 'experience' destination. It can be said that the visual elements were the most significant in building this experience and continued to be memorable as the department store format lost prominence. While a decline in these visual elements contributed to this loss of status, leaders did not always recognize the severity in which their store format would come under attack from alternative retailers. At times, this made management slow in responding to competition and the realization of their stores' downgraded status hard to swallow.

CHAPTER 11
Coping with Competition: Department Stores versus Specialty Retailers and Discounters

An incessant competition for consumer dollars fires up business rivalries. The famous cola wars between Coca-Cola and Pepsi, the battle of technology titans Apple and Microsoft, or Ford and GM's automotive race have shown how companies seek the title of 'The Best' in the public's mind. They have evolved and honed their products, services, and corporate philosophies for decades to do so. Nonetheless, market share and revenue are in constant flux as newer, more popular, or more self-aware companies and business formats emerge.

Department store leaders are used to challengers. Department stores in many large cities have clustered on the same city block or street, even across the street or, grander, the high street or avenue. From the late-1800s to the early-1900s, Nanjing Road—Shanghai's busiest shopping district—was home to Hall & Holtz, Whiteaway Laidlaw, Sincere, Wing On, the Sun Company, and the Sun Sun Company.[1] Canadian stores Simpson's and Eaton's maintained a rivalry on Toronto's Queen Street until the 1970s.[2] Today, Marks & Spencer, Selfridges, Debenhams, and John Lewis & Partners remain within walking distance of one another on London's Oxford Street. The 1947 film *Miracle on 34th Street* immortalized the competition between Macy's and Gimbels.[3]

Architecture and interior design, innovation, displays and advertising, customer service, and goods and service assortment were the primary expressions of inter-store competition. Yet, the department store also experienced competition from rival retail formats. During two centuries of retail operation, department store leaders have been forced to adapt their business techniques to

[1] Lien, "From the Retailing Revolution to the Consumer Revolution," 361-363.
[2] Jamie Bradburn, "From Simpsons to the Bay to Saks," *Torontoist*, January 28, 2014, https://torontoist.com/2014/01/from-simpsons-to-the-bay-to-saks/.
[3] *Miracle on 34th Street*, directed by George Seaton (1947; United States: 20th Century Fox, 2017), DVD.

combat alternative retailing formats, each of which provided a unique challenge and satisfied a different market sector. However, management did not always meet their challengers quickly. Some rivals were not considered as such until their encroachment into department store markets was impossible to ignore. Once this occurred, department store managers sought ways to hinder their competitors—despite legal restrictions. If competitors could not be hindered, management resorted to studying and imitating rival management practices to stay competitive post-1960. There is a long list of retail formats that have challenged the department store model since its inception. It makes an extensive examination of each type impractical; therefore, this chapter will focus on the competition between department stores and specialty shops and discounters.[4]

A traditional small-shop predominated consumer marketplaces across the globe before-1850. Often, they were supplanted by bazaars, markets, and fairs. Small-scale shops sold a small selection of items, usually encompassing one type of good, such as shoes, flowers, or books. Customers would frequent stores when they needed to purchase, otherwise not at all, especially if a customer's appearance marked them as lacking the funds to buy goods.[5] Casual shopping in its modern context or the freedom to browse stores was not an acceptable societal behaviour until society's mass engagement in conspicuous consumption.[6] Narrow merchandise offerings limited small stores' potential income, effectively decreasing the overall amount of capital that store owners invested in expanding their product range if they chose to do so.

An advantage of small-scale retailing was market proximity. Local or regional goods did not require extensive supply chain networks to be accessible for shop owners.[7] Prior to

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[4] The term 'specialty store' will refer to the small-shop format when it began to regain momentum in the 1970s and 1980s.
[5] Cox, *The Complete Tradesman*, 130.
[6] See Chapter 1 for more on the evolution of the department store, shopping, and conspicuous consumption.
[7] Moyer, "The Roots of Large Scale Retailing," 56.

industrialization and urbanization, sophisticated production, greater demand, and the technological means to establish long-distance supply chains via railroad or "interurban transportation" did not exist. This limited a business' market reach until such technology was widely available.[8] Department store leaders took advantage of the shifts in supply chains when they emerged. They also noted social and cultural changes, adapting to grow shops into monumental, multi-product line businesses. We have seen how they evolved to include the elaborate designs, services, and characteristics of their unique retail form.[9] Many small-scale stores were later forced out of business in the wake of such changes. Others, as David Monod suggested, were able to meet the challenge and survive.[10] The outcome varied based on context.

Throughout the 1880s and 1890s, small-scale retailers vocalized their opposition to the department store industry's alleged monopolistic nature, claimed that department store management misrepresented their stores in advertising, and that department store labour practices profited from an unjustly compensated workforce.[11] Small business owners argued that department stores' bargain prices reflected poorly on small-scale retailers "by making customers believe that [small business owners were] making an inflated profit."[12] French small-scale retailers claimed that department stores were unfair competition because independent shops could not successfully

[8] Moyer, "The Roots of Large Scale Retailing," 56; Lien, "From the Retailing Revolution to the Consumer Revolution," 361. Some small-scale shop leaders managed to sell imported goods, but the range and availability of these goods were not as grand of an enterprise as department store leaders achieved. In the early-1900s, the Chinese government had restricted overseas trade, which limited Chinese business operations to "individual merchants and small, private shops" and constrained merchants' profits by "old, inflexible rules."
[9] Proctor, "Constructing the Retail Monument," 397. Proctor argued that while department store leaders claimed their stores' size was the direct result of their commercial success, that "expansionary logic" does not apply to small-shop owners if they are not seeking to advance their place in society. See the Introduction and Chapter 1 for more on department store characteristics and the department store's evolution.
[10] Monod, *Store Wars.*
[11] Joel A. Tarr, "The Chicago Anti-Department Store Crusade of 1897: A Case of Study in Urban Commercial Development," *Journal of the Illinois State Historical Society (1908-1984)* 64, no. 2 (Summer 1971): 162-163. American real-estate developers and labour unions also opposed the department store's success rising to monopolistic heights.
[12] Tarr, "The Chicago Anti-Department Store Crusade of 1897," 165.

work against enormous amounts of "organized capital."[13] During times of financial and political unrest, such as the American Panic of 1893, business closures and decreasing profits heightened tensions between the rival retail formats.[14]

For some independent retailers, small-scale store cooperatives and consolidations allowed them to avoid store closure. In Montreal, independent retailing cooperatives enabled small-scale stores to work together and share financial risks as a stronger, united retail force.[15] Similar practices existed in provincial and major Japanese cities. Japanese small-scale shopkeepers formed groups to work and study department store techniques so that they could adapt department store tactics, like showing merchandise in an aesthetically pleasing way, for their independent store settings.[16] Other small business owners sought legislation to restrain department store growth. In the United States, the Illinois General Assembly passed an anti-department store Bill on March 24, 1897, which "called for the classification of trade and commerce into seventy-five categories and the licensing of any establishment that sold goods from more than one category."[17] Initially, the Bill would have applied to cities of ten thousand persons or more; however, amendments limited its application to cities with a population of fifty thousand or more. It would have affected only Chicago and Peoria.[18] Department store leaders fought back by claiming that their 'secrets to

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[13] Crossick and Jaumain, "The World of the Department Store," 5.

[14] William Jett Lauck, *The Causes of the Panic of 1893* (Boston: Houghton, 1907), x-xii. The Panic of 1893 was an American economic depression that lasted from 1893 to 1897. Causes linked to the economic collapse include a decrease in silver's value after 1872, unsuccessful British, French, American, and German investment in Argentina, financial breakdown in Argentina, and an American monetary crisis.

[15] Lessard, "3e étage!," 12.

[16] Hirano, "Retailing in Urban Japan, 1868-1945," 386.

[17] Tarr, "The Chicago Anti-Department Store Crusade of 1897," 167-169; "A Bill to Regulate Store. Senator Marlin Introduces a Copy of an Illinois Measure," *New York Times*, April 16, 1897, 4. The principal categories were: "Group A, dry goods; B, clothing; C, jewelry; D, groceries; E, meat market; F, wine and spirits; G, furniture; H, crockery; I, hardware; J, books and stationery; K, drugs, and L, optical goods." Subdivisions further divided the categories. Year-long licenses from the Mayor and Common Council were needed for any other classification, and a violation of the Bill could incur a fine between five dollars and two hundred dollars, a jail sentence between one day and one year, and closure of the store until its owner paid five thousand dollars in bond.

[18] "A Bill to Regulate Store," 4; "Anti-Department Store Bill. It Will Be Vetoes by the Governor of Illinois if Passed," *New York Times*, March 24, 1897, 1.

success' were not secret and that if the public had no quarrel with department store practices and prices, then regulation was unnecessary.[19] The Bill failed to pass the house in April of 1897.[20]

Attempts to contain department stores surfaced at other times in other places. Only a comprehensive survey of proposed and actual legislation and municipal by-laws can establish the scope of resentment leading to serious political action. While such an exercise is impractical, a few episodes gleaned from secondary literature intimate that some retailers' resentment toward the department store was far from an isolated affair. Hungarian small-scale shop owners, for example, sought regulation on department store advertising and wanted "state intervention to support [small businesses'] legitimate commercial interests."[21] Independent store owners wanted legal control over sale seasons since they claimed that department store leaders advertised sales too early—violating competitive laws established in 1923 and modified in 1933. They also demanded that any new stores be banned from opening without receiving consent from state authorities, thus limiting the number of potential competitors.[22] By 1935, opening a department store in Hungary or increasing an existing store's size was unlawful without the "authorisation of the Minister of Commerce."[23]

Similar restrictive measures occurred in Germany, Austria, and France throughout the 1930s.[24] In Belgium, an economic crisis in the early-1930s added pressure to the retail landscape, increasing small-store retailer complaints against department stores. In 1937, the Loi de Cadenas,

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[19] Tarr, "The Chicago Anti-Department Store Crusade of 1897," 168, 170.

[20] Ibid., 170-171. New York and Minnesota defeated similar legislation at the same time, highlighting country-wide discussion about the department store format.

[21] Gábor Gyáni, "Department Store and Middle-Class Consumerism in Budapest, 1896-1939," in *Cathedrals of Consumption: The European Department Store, 1850-1939* (Aldershot, England: Ashgate Publishing Limited, 1999), 218.

[22] Gyáni, "Department Store and Middle-Class Consumerism in Budapest," 218.

[23] Ibid.

[24] Weber, "Selling Dreams," 186.

or Padlock Law, forbade department store leaders from expanding their stores.[25] While the restrictions did not completely disrupt department store growth—since many stores found legal loopholes to avoid the restrictions—the law stayed in effect until 1960.[26]

The first legal restrictions for Japanese departments stores came in 1937 when the "Imperial Diet enacted the Department Store Law" (DSL) to protect small-scale shops from department store 'monopolization.'[27] The Ministry of Commerce and Industry was hesitant to impose the DSL if it impeded attempts to modernize the retail industry in Japan; however, department stores proved incapable of self-regulation, making government intervention necessary.[28] Except from 1947 to 1950, the DSL served as the guiding principle for controlling larger-retail formats.[29] A secondary DSL was enacted in May of 1956 that further regulated department stores to allow smaller retailers better economic opportunities. Under this second DSL, department stores exceeding 1,500 m^2 needed a permit from the Ministry of Economy, Trade and Industry (METI). It could be denied if it threatened independent retailers' businesses. The METI could determine department store closing times, the number of department store holidays, and advise department store management from conducting business operations that directly affected smaller-scale business.[30]

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[25] Weber, "Selling Dreams," 167.
[26] Ibid., 168-169.
[27] Jean Heilman Grier, "Japan's Regulation of Large Retail Stores: Political Demands Versus Economic Interests," *University of Pennsylvania Journal of International Law* 22, no. 1 (2000-2001): 5; Giichi Fukami, "Department Store Business in Japan," *The Annals of the Hitotsubashi Academy* 3, no. 1 (October 1952): 116; Fukami, "Japanese Department Stores," 42; Hirano, "Retailing in Urban Japan, 1868-1945," 387. Anti-department store sentiment had begun to lessen in Japan by 1937. The Commercial Association Law worked in tandem with the DSL to help regulate department store growth.
[28] Grier, "Japan's Regulation of Large Retail Stores," 6.
[29] Ibid. During Allied Occupation from 1947 to 1950, the Supreme Commander of the Allied Forces repealed the DSL since "it was 'inconsistent' with Japan's new Antimonopoly Law."
[30] Ibid., 7, 10. The METI issued permits after consulting the Department Store Council, the local Chambers of Commerce, and other local retailers. Sharing permit responsibilities allowed the METI to "diffuse responsibility for its permit decisions" since they had consulted the public for input. The DSL remained active until 1973, when it was replaced by the Large Store Law, effectively eliminating store regulation by type, such as a department store or

In addition to proposed and actual national or state measures to protect small retailers, city governments were drawn into the controversy. In Hamilton, Ontario, in 1964, small-business owners pushed back against large-scale retailers, inciting the City to institute by-laws that limited the stores' operational hours and days.[31] Still, cooperatives and by-laws often failed to constrain department stores and their growing prominence. Even with legal regulation, smaller stores struggled to compete with department stores. Joseph Schumpeter argued in 1942 that pricing restricted small-scale retailers from adapting to the same methods as department store competitors.[32] Small-scale retailers purchased their goods from wholesalers at the same price as department stores. Small-scale retailers used higher mark-ups; however, department stores sold a greater number of goods that always compensated for their lower merchandise mark-ups.[33] Schumpeter stated that this eliminated small retailers as a competitive threat to the department store or other large-scale alternative retail forms—like mail-order businesses, chain stores or supermarkets.[34] On a sheer cost per item basis, leaving service and consumer loyalty aside, department stores outmatched the small-scale retailer, and while profitability is an appropriate yardstick for store success, it does not mean that the small-scale retailer posed no threat. Small-scale retailers and their specialized stores would return to prominence in the 1970s and 1980s to stage a challenge to department store success.

During the height of department store dominance, small-scale stores had not been eliminated from the retail landscape but had seen their cut of the market share continually decline. In North America, by the 1970s, the retail landscape was beginning to feel the effects of consumer

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supermarket. Instead, it focused on "the amount of retail floor space in a single building, regardless of the legal nature of the stores that it housed."

[31] Drew-Bear, *Mass Merchandising*, 353. The operational restrictions were: 9 am to 6 pm four days a week, and 9 am to 9 pm on Thursday and Friday.

[32] Schumpeter, *Capitalism, Socialism, and Democracy*, 85.

[33] See Chapter 4 for more on department store profitability and pricing.

[34] Schumpeter, *Capitalism, Socialism, and Democracy*, 85.

dissatisfaction, particularly it seems due to prosperity and credit expansion that enabled greater consumer exploration of style and quality. These were considerations that ran counter to mass marketing and bulk purchasing. Household composition and individual lifestyle were not as universal or predictable as they had been in the 1950s or 1960s. Young parents were raising smaller families, thus shrinking the potential market of up-and-coming consumers.[35] Women achieved greater economic independence, and that altered the working-composition of households.[36] Retailers noted that advertisements and other sales techniques seemingly had lost their appeal for some female shoppers who pushed back "against the impersonal forces and institutions." Small-scale shops, now called 'specialty stores,' started to open in the thousands to satisfy the demand for personalized retail establishments.[37]

At Hudson's Bay, executives had tracked the growing consumer preference for specialty stores since, at least, the early-1970s. In 1975, when preparing a draft for a Five-Year Merchandising Plan, company executives estimated that specialty stores had developed in every merchandising sector, leaving department stores exposed and competition unavoidable.[38] In Toronto alone, specialty stores saw a 28.3% increase in total retail sales between 1976 and 1983,

[35] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.2.1 CORPORATE IDENTITY Advertising.
[36] Ibid; Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 164: Five-Year Plans – Merchandise, 1974-1980, H2-247-2-3. Department store leaders also wanted the benefits of a changing consumer society. Dual income households increased the average household income, allowing the potential for greater disposable income and a larger consumer base.
[37] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.2.1 CORPORATE IDENTITY Advertising; Stephen R. Flaster, "A Consumer Approach to the Specialty Store," *Journal of Retailing* 45, no. 1 (Spring 1969): 22, 25-26. Store size continued to be the distinguishing marker between a specialty store and a department store. Flaster argued that while fashion magazines like *Vogue* and *Harper's Bazaar* acknowledged specialty stores as "being smaller than the 'department store' and concentrating mainly on apparel and its accessories," the distinction between the two was murky. Flaster claimed that certain specialty stores grew too large to be classified as 'specialty' while the public perceived others as a specialty because they were "consistently able to satisfy their fashion needs," making the store a 'specialty' to them. This thesis retains that a specialty store is an establishment of small to medium size that sells a focused array of products, predominately in one category type versus a larger establishment that deals in numerous product lines.
[38] HBCA, The Bay executive office files, File 164: Five-Year Plans – Merchandise.

nearly twice the total market rate, while department store sales declined by 0.6%.[39] In 1982, Canada's ongoing economic recession affected the department store sector severely with "a 7.3% decline in sales from 1981." This decline was significant given that general merchandise and general and variety stores declined by 0.3%, and specialty stores increased their sales by 2.6%.[40] Therefore, specialty stores' larger market share benefited them during an economic slowdown "at the expense of the other retail groups."[41]

By 1983, consumer opinions and attitudes were continuing to favour the specialty store. HBC Market Research studies from Toronto and Montreal outlined the defining differences between department store and specialty store shopping in consumers' minds. While consumers from a variety of demographic groups visited specialty stores and department stores, specialty stores were popular with younger shoppers. Older shoppers preferred the department store environment.[42] Plus, specialty stores carried diverse or 'special' fashion items that were distinctive, adding to their allure as fashion leaders in women's attire.[43] Consumers believed that specialty stores were more likely to carry European brands—from France and Italy—which "strengthen[ed] the [specialty store's] image of fashion leadership."[44] Domestic brands were seen as bland staples in department store showrooms—even if they too carried foreign brands. Department store leaders could not shed their store's image of the less fashion-forward venue. This contributed to the

[39] Hudson's Bay Company Archives, Archives of Manitoba, Hudson's Bay Company market research records, HB2007/208, File 42: HBC Marketing Research: A Retail Situation of Toronto, Ontario, 1976-1983, 1984, H2-239-4-6. From 1976 to 1983, the Toronto retail sales growth rate was 15.4%. The Retail Situation Analysis devised the total market rate by an examination of department stores, junior department stores, specialty stores, general merchandise, and general and variety stores based on a definition by Statistics Canada. Those stores included in the Statistics Canada definition but do not appear in the Toronto area were not included in the analysis.
[40] HBCA, Hudson's Bay Company market research records, File 42: HBC Marketing Research: A Retail Situation of Toronto, Ontario, 1976-1983.
[41] Ibid.
[42] HBCA, Hudson's Bay Company market research records, File 38: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Toronto - Study #83-10.
[43] Ibid.
[44] HBCA, Hudson's Bay Company market research records, File 37: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Montreal - Study #83-07.

opinion that department stores were less expensive, although specialty stores were thought to have "better sales and markdowns."[45] Therefore, the HBC researchers concluded that to lure younger consumers away from specialty stores, department stores needed to carry better merchandise and greater assortments; they had to restore the high-quality, fashionable image they once used.[46]

The quality and type of customer service that customers could expect in a store also contributed to a preference for specialty stores. As department stores struggled to compete, store leaders eliminated services, contributing to a depersonalization of the shopping experience, and undermining the employees' knowledge of their merchandise. It was fundamental neglect of their departmental organization and expertise. It is ironic that the rejection of this principle is what became popular in specialty stores for consumers. Customers who found specialty stores 'pushy' in their selling tactics still preferred their personalized service and knowledgeable staff.[47] Department store leaders at Hudson's Bay attempted to imitate specialty store service tactics. They noted that specialty stores provided 'assistance' not 'advice' regarding purchases. A 'value judgement'—once central to Hudson's Bay management's approach to selling—had declined in favour of general 'knowledge' as a preferred tactic amongst shoppers.[48] Management tried to adjust staff behaviour to meet these preferences. Leaders also tried to imitate the interior design and store layout of the specialty store environment. Boutiques excelled in space management because they had a small physical footprint. However, consumers found that if department stores

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[45] HBCA, Hudson's Bay Company market research records, File 37: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Montreal - Study #83-07; HBCA, Hudson's Bay Company market research records, File 38: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Toronto - Study #83-10. 'Less expensive' often leads to the assumption of lower quality.
[46] HBCA, Hudson's Bay Company market research records, File 38: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Toronto - Study #83-10.
[47] Ibid. Simpson's The Room—a specially designed department—did not receive the same criticism as other rival department stores. Customers viewed The Room's staff as knowledgeable and personable in their service style.
[48] Ibid.

installed specialty boutiques or concessionaires on their store floors, it had the potential to disrupt floorplan flow and a customer's ability to locate goods.[49] Unless these inner boutiques were aesthetically well-defined, they were not simplifying the shopping experience. Therefore, this did not alter consumer perceptions of the store's image or decrease a consumer's preference for a specialty store. Moreover, customers claimed that the store type, not the merchandise itself, signalled the important difference between boutique quality and general merchandise.[50] It dawned on Hudson's Bay executives that consumer attitudes towards a store type were affecting consumption, and that came as a surprise.[51]

Throughout the late-1900s, specialty retailers continued to benefit from consumer preference for affordable and fashionable items, mainly clothing and beauty merchandise. In fact, by the early-2000s, some specialty retailers had evolved into national or international retail chains and had developed a 'fast-fashion' retail format, a mode of enterprise based on quick turnaround. Retailers adopted the styles and trends of leading fashion houses and incorporated them with all possible speed into their own merchandise lines at affordable prices. They democratized fashion and enabled budget-conscious consumers to wear designs featured on haute couture runways.[52] Some of the world's prominent fast-fashion companies included: Topshop, Mixxo, Forever 21, Gap, Mango, Esprit, Miss Selfridge, Uniqlo, Primark, Giordano, FIVE FOXes, Benetton, and

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[49] HBCA, Hudson's Bay Company market research records, File 37: HBC Marketing Research: A Qualitative Study Designed to Explore Opinions and Attitudes Towards Shopping in Montreal - Study #83-07.
[50] Ibid.
[51] Ibid.
[52] Mark K. Brewer, "Slow Fashion in a Fast Fashion World: Promoting Sustainability and Responsibility," *Laws* 8, no. 4 (2019): 3. Fast-fashion retailers' quick turnaround has resulted in accusations of "undermining [the original designers'] intellectual property" and "weakening the incentive of consumers" to purchase the original garments inspiring fast-fashion designs. Fast-fashion also encourages greater consumer spending in two ways: 1) to stay on-trend, consumers must wear the latest fashions, so they need to buy frequently; and 2) lower-quality goods are less durable, contributing to the need to replace them more frequently than high-quality goods. Thus, buying multiple fast-fashion items continuously is economically less beneficial than purchasing one or two high quality items that last through multiple retail cycles.

industry leaders, Zara and H&M.[53] When it came to women's fashions, they had launched a dispersed assault on department stores, and their particular specialty had economic features that contributed to their viability.

Fast-fashions were not overly concerned with fabric quality and not attentive to the "time and attention" that high-quality craftsmanship required.[54] Consumers returned to fast-fashion retailers in order to adapt to changing fashion trends. This meant the stores required less merchandise advertising since their stores' reputations as synonymous with haute couture made advertising trendy clothes redundant.[55] Despite the popularity of fast-fashion, its success contributed to a 'sameness' in the retail marketplace. Fast-fashion retailers are known for their "quick internationalization, sustained competitive advantages, and well-formulated global strategies," however, their control of supply chains—necessary to keep prices low and operations flexible—drew criticism regarding "production methods, labour practices and environmental impacts."[56]

Department stores in recent times have competed against fast-fashion retailers, aiming to catch up to their 'trendy' or 'chic' descriptors or provide goods at an equally competitive price. As

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[53] Syed Tariq Anwar, "Zara vs. Uniqlo: Leadership Strategies in the Competitive Textile and Apparel Industry," *Global Business & Organizational Excellence* 35, no. 5 (Jul/Aug 2017): 27.

[54] Kirsti Kuusk et al., "Crafting Smart Textiles – A Meaningful Way Towards Societal Sustainability in the Fashion Field?" *Nordic Textile Journal* 1 (2012): 10, 14; Kate Fletcher and Lynda Grose, *Fashion and Sustainability: Design for Change* (London: Laurence King Publishing Ltd., 2012), 128. The slow fashion movement is a pushback against fast-fashion practices in not only slowing the speed of production, but by "accepting diversity, producing [goods] in small scale, and trusting [business] partners, valuing making and maintaining [products] and [advocating a] true price" for products via "incorporating ecological and social costs." Slow fashion aims at promoting diversity in fashion attire and strives to change the conception of global fashion activity from a fast-paced, short lifespan cycle to a view rooted in promoting "the pleasure of variety, the multiplicity and the cultural significance of fashion within biophysical limits." See also Mark K. Brewer, "Slow Fashion in a Fast Fashion World: Promoting Sustainability and Responsibility," *Laws* 8, no. 4 (2019): 1-9 and Cassandra Elrod, "The Domino Effect: How Inadequate Intellectual Property Rights in the Fashion Industry Affect Global Sustainability," *Indiana Journal of Global Legal Studies* 24, no. 2 (2017): 575-596.

[55] "Fast Fashion Goes Global," *Strategic Direction* 31, no. 11 (2015): 18.

[56] Anwar, "Zara vs. Uniqlo," 26; Tatiana Schlossberg, "You Are What You Wear," review of *Fashionopolis: The Price of Fast Fashion and the Future of Clothes*, by Dana Thomas, *The New York Times Book Review*, October 13, 2019, 18.

fast-fashion retailers expand their merchandise lines to include non-beauty or non-fashion products, they blurred the differences between themselves and department stores. Australian fast-fashion retailer Cotton On moved into stationery and homewares; American brand Urban Outfitters offered customers lifestyle items ranging from vinyl records to boba tea lights and polaroid cameras. H&M, the Swedish retailer, began selling home furnishings and children's toys. American store Anthropologie expanded into home décor, including wallpaper and bathroom hardware.[57] Certain fast-fashion retailers began to use impressive architecture and aesthetics to entice customers. In this recent retail 'revolution,' the quality of goods and their prices, or at least perceptions of quality, separated fast-fashion retailers from department stores. That new realm of competition perplexed department store executives who also had to confront an old rival.

Discounters and department stores have a complicated history of competition, arising from ambiguity over which stores should be classified as 'discounters.' The term 'discounter' refers to a variety of retailing formats such as variety or dollar stores, big-box stores—including hypermarkets and category killers, and discount department stores.[58] The common feature among all discounter formats is that customers can buy merchandise in barebones surroundings for a discounted or reduced price. Apart from that, these rivals include retail types with their own character and history.

One of the oldest discounters was the variety and dollar store. These small-size stores sold an array of goods at extremely low-price points or static price points, like one- or two-dollar stores.

[57] "Home," Cotton On, accessed July 27, 2020, https://cottonon.com/AU/; "Lifestyle," Urban Outfitters, accessed July 27, 2020, https://www.urbanoutfitters.com/lifestyle; "H&M Home," H&M, accessed July 27, 2020, https://www2.hm.com/en_ca/home.html; "Home & Furniture," Anthropologie, accessed July 27, 2020, https://www.anthropologie.com/new-home; "Home," Zara Home, accessed July 27, 2020, https://www.zarahome.com/ca/. Zara's home furnishings are sold through its sister store, Zara Home.
[58] Outlet stores can exist in any retail establishment format, whether they be fashion houses, small-scale stores, or large-scale stores. Outlets are branches of established businesses that sell their goods at discounted rates directly from the manufacturer to the consumer.

They evolved from the dime store concept, popular in the late-1800s, where customers could get merchandise for ten cents.[59] Goods in dime stores sold themselves, and payment operated on a cash-and-carry system; stores did not accept credit or deliver.[60] The F.W. Woolworth Co., later known as Woolworth's, was one of the first originating in the 1870s.[61] Prices on dime stores began to rise following WWI, although Woolworth's continued selling merchandise at the ten-cent price point into the 1930s.[62]

In the late-twentieth century, the big-box store, also known as the superstore or supercentre, appeared quite suddenly. These stores were large-sized general merchandise retailers, usually extended over 150,000 ft^2, and sold groceries, electronics, clothes, and other household goods.[63] While these stores could rival department stores in size, they lacked the aesthetic appeal or architecture characteristics found amongst department stores worldwide. These stores could gain monopoly status in a merchandise sector, effectively 'killing' rivals who operated in the same category. For example, Indigo is a category killer in bookselling, holding a virtual monopoly on Canada's literature market.[64]

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[59] Stearns, *Consumerism in World History*, 50. Other variations of the dime store existed at five-cent and twenty-five-cent ranges. The dime store format reached a larger consumer base, even in small towns of less than ten thousand inhabitants. It was difficult to acquire a suitable assortment of goods that could be sold at a fixed price range.
[60] Walter Sumner Hayward and Percival White, *Chain Stores: Their Management and Operation* (New York: McGraw-Hill Brook Company, Inc., 1922), 367.
[61] Hayward and White, *Chain Stores*, 365-366.
[62] Ibid., 371; Peter Scott and James T. Walker, "'The Only Way Is Up': Overoptimism and the Demise of the American Five-and-Dime Store, 1914-1941," *Business History Review* 91 (Spring 2017): 73.
[63] Michael L. Marlow, "'Big Box Stores and Obesity,'" *Applied Economic Letters* 22, no. 12 (August 2015): 939. The average square footage for a store can change depending on the type of big-box store and its location.
[64] Indigo Books & Music, *Annual Report 2020*, March 28, 2020, https://static.indigoimages.ca/2020/corporate/indigo_fy20_annual-report.pdf; Alan G. Hallsworth, Ken G. Jones, and Russell Muncaster, "The Planning Implications of New Retail Format Introductions in Canada and Britain," in *The Internationalization of Retailing* (London: Frank Cass & Co. Ltd., 1995), 149. As of 2020, Indigo Books & Music operates eighty-eight superstores "under the banners *Chapters* and *Indigo*," as well as one hundred and eight smaller stores "under the banners *Coles, Indigospirit* and *The Book Company*." Walmart is the world's largest big-box retailer, specializing in the hypermarket concept. Category killers differ from warehouse clubs, like Costco or Makro—as stores that specialize in "price discounts on bulk purchases of (usually) branded goods," but are only accessible to customers who pay for membership fees.

The former presumption that department stores were monopolistic and threatened small-scale retailers now appeared in complaints about discounters. During the Great Depression, American anti-trust legislation restricted discounters'—and other large-scale retailers'—abilities to sell goods at discounted prices.[65] The 1936 Robinson-Patman Act prohibited retailers from seeking out "advantageous pricing deals with suppliers" to purchase goods at lower cost and was meant to protect retailers from unfair price competition.[66] The Miller-Tydings Act of 1937 was of limited use because it failed to "require resale price maintenance." Retailers could sell manufactured goods at whatever price, discounted or not, that they chose. Miller-Tydings' application was limited to branded or trademarked goods that made up only "between 4 and 20 percent of total retail sales."[67]

By the mid-1950s, very few discounters had opened in the United States and those that had sold narrow assortments of goods.[68] At first, department store leaders did not perceive discounters as a threat.[69] The discount retail industry had yet to be well organized and well capitalized. Numerous discounter formats were "short lived" and made little "financial impact on the traditional [department store] industry."[70] Department store leaders continued to believe that their industry had growth potential due to the popularity of the recently established shopping malls.[71] As unglamourous cousins, discounters were excluded from malls, whereas department stores anchored them.[72] Discounters struggled to cultivate a positive reputation with shoppers. 'Price-cutters' languished as "bootleggers" and "shady agents for shoddy merchandise;" merchants who

[65] Small-scale businesses primarily benefited from fair trade laws.
[66] Hallsworth, Jones, and Muncaster, "The Planning Implications of New Retail Format Introductions in Canada and Britain," 154.
[67] Howard, *From Main Street to Mall*, 183.
[68] Ibid., 171.
[69] Michman and Greco, *Retailing Triumphs and Blunders*, 17.
[70] Johnson and Kim, "When Strategy Pales," 586.
[71] Ibid.
[72] See Chapter 5 for more on the department store, suburbanization, and real estate.

engaged in dishonest sales practices to swindle customers.[73] Therefore, despite the expansion of the middle-class in the 1950s, shoppers continued to view discounters as unrespectable until the format became more familiar and commonplace.[74] Smaller department stores and those who targeted the lower-middle-class consumer were most at threat from discounters by the mid-1950s.[75]

In the 1960s, many more American discounters appeared after Walmart's founding in 1962.[76] Discounters started to open in Canada during that decade.[77] The delay in Canada's discounter revolution can be linked to Canada's smaller population, "slower rate of suburbanization, strict zoning laws and a lack of fair trade laws."[78] To be viable competitors, discounters needed "high levels of stock turnover" and higher sales rates than other retail formats.[79] In Canada, the average retail store had annual sales of $103,000 while discounters in the United States generated annual volumes of $3,650,000 per store in 1961.[80] Additionally, a large percentage of discounter sales needed to be derived from "that segment of the total market" willing to buy from a retail store that had an unfamiliar name and reputation.[81] Canadian discounters struggled to fulfill these characteristics as easily as their American counterparts did and by the

[73] Howard, *From Main Street to Mall*, 177.
[74] Drew-Bear, *Mass Merchandising*, 14.
[75] Howard, *From Main Street to Mall*, 138.
[76] Johnson and Kim, "When Strategy Pales," 585.
[77] Economic, political, and social circumstances can influence when a country experienced the discounter revolution. For instance, Sang Chul Choi argued that discounters entered the Korean market in the 1990s after population increase, expanded urbanization, growing consumer markets in the 1980s, and the push to compete against encroaching global retailers. Sang Chul Choi, "Moves in the Korean Market by Global Retailers and the Response of Local Retailers: Lessons for the Japanese Retailing Sector?" in *Internationalisation of Retailing in Asia* (New York: RoutledgeCurzon, 2003), 53.
[78] Burns and Rayman, "Retailing in Canada and the United States," 170.
[79] Moyer and Snyder, *Trends in Canadian Marketing*, 116.
[80] Ibid., 92, 116.
[81] Ibid., 116.

mid-1960s had concentrated to Ontario and Quebec.[82] Still, Canadian department store leaders tracked up-and-coming discounters whom they perceived as a threat.

From 1960 to 1965, Hudson's Bay leaders identified Kmart, Woolco, Clark's, Zeller's, and Miracle Mart as the "so-called 'discount' stores" that threatened traditional department stores.[83] Some early discounters lacked the funds to stay the course, establish a presence, and ultimately turn profits. However, American businesses with retail experience operated discounters in Canada. They had access to "very strong financial resources" and the capabilities to become major competitors in department store markets.[84] In 1965, Kmart had fourteen Canadian locations. Stores ranged "in size from 73,000 to 85,000" ft^2 in floorspace. Kmart was backed by the S.S. Kresge's Corporation, which had profited $22,200,000 in 1965.[85] Woolco had fewer stores, ten by 1965, but planned to open fifteen more by 1967. Their stores, larger on average than Kmart's, were between 75,000 and 155,000 ft^2. Woolco's backer, the F.W. Woolworth Co., had an annual income over three times greater at $73,000,000.[86] Clark's, "a division of Gamble-Macleod Limited," operated four stores in Canada at an average of 75,000 ft^2.[87] Zeller's, a Canadian competitor, expanded in 1965 to include "large suburban units called 'County Fair'"—providing from 54,000 to 75,000 ft^2 of floorspace.[88] Lastly, also in 1965, Steinberg's Limited operated ten Miracle Mart locations between 70,000 and 160,000 ft^2 with two other locations in development.[89] Hudson's

[82] Moyer and Snyder, *Trends in Canadian Marketing*, 116, 119. American discounters served as models for Canadian discounters; however, Canadian stores adopted broad merchandise assortments in hard and soft goods, grocery, and, at times, "free parking, credit, and delivery service" which were not characteristic of some early American discounters in the late-1930s.
[83] Hudson's Bay Company Archives, Archives of Manitoba, Canadian head office correspondence filed according to the Direct Decimal System, HB2007/134, 003.2.1 Competitors - Comparisons & Summaries HBC, 1970-1971, H2-223-1-5. Hudson's Bay archival materials are inconsistent as to their definition of 'discounters.'
[84] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 003.2.1 Competitors - Comparisons & Summaries HBC.
[85] Ibid. All financial data is presented as the total annual profit after tax.
[86] Ibid. Statistics for F.W. Woolworth's excluded sales from the United Kingdom in its profit statement.
[87] Ibid.
[88] Ibid.
[89] Ibid.

Bay leaders worried that since a number of these discounters had usurped potential department store locations in urban areas, it would be hard to slow their growth without a sound legal strategy. That was slow coming. Some store executives wondered if they could beat back this competition by intimidating suppliers.

In August 1961, Hudson's Bay executive A. R. Huband, then-Secretary of the Canadian Committee, corresponded with solicitor A.J. MacIntosh of Blake, Cassels & Graydon. Huband was seeking advice on the legality of price competition between department stores and discounters as a possible method to hinder discounter success.[90] The exchange indicates that Huband wondered about the legal implications of pricing merchandise lower than discounters and whether doing so would violate free competition within the retailing industry. MacIntosh noted that pricing department store goods at the same level as discounters or lower would constitute a legal abnormality only if the prices were at "unreasonably low levels." He stressed that what was considered 'unreasonable' was murky unless the goods were priced at levels that would produce "little or no profit" for the department store and were only priced low for competition's sake.[91] If that were the case, the court would likely challenge the validity of department store prices since department stores were expected to "be able to maintain [their] participation" in the marketplace without needing to undercut discounters.[92] It would be an offence if department stores' low prices "substantially lessen[ed] competition or eliminat[ed] a competitor" or were designed with this goal in mind. Even if individuals chose to shop at a department store over a discounter by their own

[90] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 003.2.1 Competitors - Comparisons & Summaries HBC. Much of the legality surrounding this price competition had yet to be interpreted by the Canadian courts, leaving room for interpretation if brought to the attention of legal personnel.
[91] Ibid.
[92] Ibid.

volition, any malicious intent on the part of Hudson's Bay management would amount to an offence.[93]

Then Huband inquired about limiting discounter access to certain suppliers and manufacturers. MacIntosh advised Huband that to avoid head-on goods competition with discounters, department store leaders could decide not to sell the same merchandise, but they certainly could not stop suppliers from selling those goods to discounters.[94] Suppliers were not allowed to refuse a company because of an established agreement with the likes of a department store.[95] Furthermore, suppliers could not refuse to sell items to discounters on the grounds that discounters sold the merchandise in question for a lower price than what the supplier recommended.[96] Discounters had complete freedom to buy and sell as they saw fit. For department stores to influence, "advise or recommend that the discount house be refused supplies" was an offence. Thus, even if department store executives wanted to arrange with suppliers that they would bar sales to discounters, they could not.[97] It would be seen as a conspiracy in restraint of trade. To remain 'legally clear,' MacIntosh advised that Hudson's Bay officials avoid discussing discounters' price policies with suppliers. MacIntosh warned that conversations of that kind, even if innocent, could be misremembered or misconstrued as agreements between suppliers and

[93] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 003.2.1 Competitors - Comparisons & Summaries HBC. The offence would be a violation of an Act of Parliament called the Combines Investigation Act. MacIntosh claimed that discounters were only able to compete with the department store if there was significant price variation between the retail formats. Without this distinction, MacIntosh believed the customers would be less willing to shop at discounters and would instead choose to shop at department stores, whose reputations and service had earned public respect and admiration.
[94] Ibid.
[95] Ibid.
[96] Ibid.
[97] Ibid. MacIntosh stated that it was not the department store executives' responsibility to report a discounter to the Combines Investigation Department if that discounter was using goods as loss leaders. It was the responsibility of the supplier to do so if they so chose. MacIntosh claimed that if a supplier had a monopoly, then it was their prerogative as to whether they would sell their goods at numerous outlets "to permit competition to work at the distribution level."

department stores to stop discounters from accessing certain goods.[98] As a powerful force in the market, Hudson's Bay executives could be seen as intimidating suppliers.

Huband further asked about discounters using loss leaders in advertisements. A loss leader is the practice of using an attention-grabbing product for advertising and not for "making a profit on the goods sold."[99] Department store executives advising sellers to not sell to discounters because of speculatory loss leader practices was also considered unwise and could lead to an offence. MacIntosh advised it was unwise to claim that discounters did not provide a suitable level of service to their customers as grounds for persuading suppliers to cease sales to discounters.[100] If department store leaders told a supplier that a discounter used goods as loss leaders and was accurate, then a supplier could refuse to sell to the discounter.[101] However, it was hard to prove that discounters had loss leader motives if an accuser did not have access to records that showed intent.[102] MacIntosh elaborated that an unreasonable price for a department store did not equate to an unreasonable price for a discounter. Department stores provided services that allowed them to turn a profit from higher-priced goods than discounters. Discounters rarely provided selling service, usually did not offer credit to customers, usually abstained from service delivery, and did not accept returns. These factors made their prices 'reasonable' for their retail format due to their limited services, but 'unreasonable' for department stores. The extensive legal guidance provides remarkable insight into the segments of the retailing industry, the role of suppliers, and the complexities of fair competition. One thing, however, was straightforward. Department store executives feared discount chains.

[98] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 003.2.1 Competitors - Comparisons & Summaries HBC.
[99] Ibid.
[100] Ibid.
[101] Ibid.
[102] Ibid.

Despite Hudson's Bay executives' concerns, discounters in the 1960s had not overtaken department stores in sales. A series of 1963 financial reports estimated the 1962 total annual sales for discount department stores by department.[103] Across all departments, their total annual sales amounted to $107,089,000 versus annual sales of $1,555,998,000 for department stores, only 6.9%.[104] Department stores made a large portion of their gross returns from houseware and large items, whereas discounters thrived selling mainly smaller, handheld goods and notions. The top three departments for discounters were Hardware & Housewares at 9.2%, Food & Kindred Products at 8.3%, and Toiletries, Cosmetics & Drugs at 6.8%.[105] For department stores, the top three were Hardware & Houseware at 7.4%, Home Furnishings at 5.9%, and Furniture at 5.8%.[106] Department store leaders had reason to be concerned about discounters in the early 1960s, but their industry was not about to be displaced overnight. Yet, discounters were only starting to test their growth potential. If department store leaders were going to counter discounters legitimately, they needed to pay attention to price disparities on small goods. Some introduced 'budget floors' as a way to imitate discounter tactics.

Department store executives were no strangers to discounting, although in every sense, the subject was unfashionable and therefore elusive. However, the noted Boston-based department store Filene's is known to have had an "Automatic Bargain Basement," first introduced in 1909. All merchandise was moved to its bargain level and reduced in price after spending two weeks on

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[103] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 003.2.1 Competitors - Comparisons & Summaries HBC. "Attached food store or departments" were not included in the estimated data for "food and kindred products." Department store executives organized discounter departments into thirty departmental categories.
[104] Ibid. The percentage of total discounter sales to department store sales has been rounded to the nearest tenth. Hudson's Bay executives estimated that the total annual sales for discounters would rise to 12.6% of total department store and mail order sales by 1965.
[105] Ibid. Department number thirty 'all other departments' was excluded due to its unclear specifications.
[106] Ibid.

the showroom floor.[107] The bargain merchandise then had to be sold within thirty days. During the thirty days, prices would continue to be reduced—twenty-five percent after twelve days, another twenty-five percent after eighteen days, and another twenty-five percent after twenty-four days—whereby it would be given to charity after thirty days if not sold to the general public.[108] This method allowed customers access to a wide variety of goods at a discounted rate and also gave Filene's the opportunity to clear out merchandise. Whatever induced Filene's to establish a budget floor or convinced other department store leaders to forego them is a matter of conjecture. The subject that concerns us is the wider adoption of budget floors and their characteristics coming as reactions to discounters.

Perhaps symbolically, these floors were located on the lowest level of a store, often a basement, and sold lower-priced merchandise or goods that would appeal to bargain savvy shoppers.[109] Flagship stores in urban cores were more likely to have budget levels than suburban stores.[110] Besides assigning bargain shopping to distinctive lower locations, bargain management underlined their separateness from the true department store experience in another way. The areas often operated on a cash-only basis. On the upper floors, customers could purchase discounted items on credit.[111] Some department store managers used their basement levels to sell the less-expensive 'knock-offs' of 'upstairs' goods. The distinction between core and suburban stores was

[107] Michman and Greco, *Retailing Triumphs and Blunders*, 8; Daniel Bloomfield, "Pioneers in Marketing: Edward A. Filene and Lincoln Filene," *Journal of Marketing* 23, no. 3 (January 1958): 297. Canadian department stores that used the bargain basement approach included Morgan's, Eaton's, Hudson's Bay, Dupuis Frères, and Simpson's. Often the entire basement would not be dedicated to budget goods. Only a designated portion of the store layout would be used for bargain items.
[108] Bloomfield, "Pioneers in Marketing," 297. Buyers at Filene's gathered their basement level merchandise careful to ensure it sold, often finding goods for their assortments from "odd lots, manufacturers' surplus, remainder from leading stores [and] stocks of bankrupts."
[109] Comeau, "Les grands magasins de la rue Sainte-Catherine a Montreal," 61. 'Budget floor,' 'bargain basement,' and 'cash basement' are interchangeable terms for this retailing concept.
[110] Howard, *From Main Street to Mall*, 143; Rich and Portis, "The 'Imageries' of Department Stores," 15.
[111] Lawrence, "Geographical Space, Social Space, and the Realm of the Department Store," 69.

a tacit assumption of class diversity in one region of cities and greater uniformity in another. For managers, the challenge was to find the right mix of budget goods and better products. They still expected customers to "'come up' to buy…unduplicated [product] lines," even if customers from lower-income households over-extended their budgets.[112] Not about to shed their hard-built status to compete with discounters, department store leaders adopted and isolated discounter environments and practices. In acknowledging separate social realms of consumption, they did their best to maintain boundaries.

The dynamic nature of retailing created new competitors for department stores. To stay competitive, department store leaders tracked up-and-coming retail formats and explored ways of keeping the businesses they had. When hindering a rival's success proved unpractical or illegal, management tried imitating competitor tactics to remain relevant with changing consumer bases. Specialty stores and discounters challenged department stores' pre-existing managerial tactics in aesthetics, environment, and price, many of which were unchanged since their inception. Thus, these physical and cultural legacies meant that department stores needed to contend with competitors within a fixed structure and the image that went with their structures and old-time appeal. This added an additional hurdle for department store leaders to overcome, especially when their appeal continued to decrease in public favour. Department store relevance has only declined in recent decades. Worldwide, the number of operational stores continues to decrease, and leaders are left to manoeuvre their companies away from bankruptcy or succumb to store closure. For management that continues to hang on, a frequent attempt to retain what position they have left is through expanding their store's demographic or geographic reach.

[112] D.F. Blankertz, "The Basement-Store Customer," *Journal of Marketing* 15, no. 3 (January 1951): 336-337. Store leaders expected basement clientele and 'upstairs' clientele to shop exclusively on either floor; however, basement levels did not have a separate group of defined customers. Instead, basement levels performed well by providing a "relatively small" share of all customer purchases, regardless of a customer's income level.

CHAPTER 12
Operation Takeover: Department Store Mergers and Acquisitions

The HBC's long engagement with the fur trade has overwhelmed popular and academic attention, eclipsing its significance for studies in business conduct where corporate re-invention is a subject of major interest.[1] The HBC made itself over several times, starting as a fur trader, changing its methods over the centuries, adding colonization, transforming into a land sales company, and then into a department store chain. The executives in charge of this latter phase explored remaking the enterprise; their plans were about scale rather than an abandonment of retailing and a move into another field. There had been a significant merger before. From 1804 until 1821, the British North American fur trade operated as a duopoly between the Hudson's Bay Company and the North West Company (NWC).[2] For seventeen years, the companies competed for market share and clashed violently in the Red River over the HBC's colonization efforts directed by Thomas Douglas, 5th Earl of Selkirk. At times, there was coexistence without collusion between the parties.[3] By July 1821, financial strain slowed competition, and political intervention from the British government forced a merger that placed the HBC in control.[4]

The HBC-NWC merger is one of the earliest examples of the HBC expanding its holdings. After the fur trade dwindled and retailing became HBC leaders' primary focus, a number of department store chains and businesses came under HBC control, most prevalently throughout the late-1900s and early-2000s. The HBC is far from unusual in acquiring or attempting to acquire

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[1] See also Jim Collins, *Good to Great: Why Some Companies Make the Leap…and Others Don't* (New York: HarperBusiness, 2001).
[2] Ann Carlos, "The Birth and Death of Predatory Competition in the North American Fur Trade: 1810-1821," *Explorations in Economic History* 19, no. 2 (April 1982): 156.
[3] Carlos, "The Birth and Death of Predatory Competition in the North American Fur Trade," 158; Ann Carlos, "The Causes and Origins of the North American Fur Trade Rivalry: 1804-1810," *The Journal of Economic History* 41, no. 4 (December 1981): 781.
[4] Carlos, "The Birth and Death of Predatory Competition in the North American Fur Trade," 179; Tom Mahoney and Leonard Sloane, *The Great Merchants: America's Foremost Retail Institutions and the People Who Made Them Great* (New York: Harper & Row, 1974), 25.

rival businesses, whether these dealings regarded competitor department stores or alternative retail formats. Globally, department store leaders used mergers and acquisitions (M&A) as a means to gain strategic knowledge, combat changing consumer trends, expand their customer base or enter a new market, grow their market dominance, and increase profits. At times, M&A opportunities were management's final attempt to reposition their businesses against decreased retail relevancy. To understand the benefits and challenges of M&A, this chapter will examine HBC's retail holdings and discuss some of the company's prolific M&A considerations and successes throughout the 1960s and 1970s.[5]

In business management, M&A refers to the "buying, selling, dividing and combining" of various businesses with the intention of commercial growth, downsizing or entering a new market, and dispelling the "need to create a subsidiary…or use a joint venture."[6] The difference between a 'merger' and an 'acquisition' is largely semantic, increasingly blurred in business literature. One interpretation is that a 'merger' is an agreement to unite two or more organizations under one owner, whereby the acquiring company receives whatever assets or resources are agreed upon by both companies before entering into the agreement, and the acquired company will legally cease to exist.[7] A merger can be seen as a positive transition for the acquired company. This is because the acquired company's leaders are willing to participate in the purchase and welcome the takeover, especially if the acquired company is roughly equal in size or power to the acquiring

[5] This chapter's discussion is limited to retail dealings and will not discuss business dealings involved with previous Hudson's Bay Company land, fur, oil or gas operations.
[6] Gerasimos G. Rompotis, "Mergers and Acquisitions: Types, Principles, Historical Information and Empirical Evidence from the Greek Banking Sector," *Aestimatio: The IEB International Journal of Finance* no. 10 (June 2015): 34.
[7] Rompotis, "Mergers and Acquisitions," 34-35; *Business: The Ultimate Resource* (Cambridge, Massachusetts: Perseus Publishing, 2002), 1236. This is also referred to as a 'merger of equals,' however, a true merger of equals is uncommon. Instead, it is usually a condition in the merger agreement to help ease the acquired company through a takeover and eliminate possible resistance from the acquired company's employees or others who may have opposed the merger.

company. An 'acquisition' is the uniting of two or more companies without willing cooperation from the acquired parties. In this case, companies that are acquired tend to be smaller; the acquiring company buys a significant portion of the acquired company's shares to attain control of the company.[8] Therefore, an acquisition can be viewed as a negative transition for an acquired company, especially if executives in the smaller firm detect their redundancy.[9]

In the department store sector, M&A were intended to provide department stores with "strength in numbers" when the industry was under increasing competitive pressure.[10] In 1932, Korean store Hwashin Department Store emerged from a merger between Tonga Department Store and the Hwashin Store. The merger saved Tonga from imminent closure since the store had experienced losses as it struggled to attract customers away from the Hwashin Store.[11] Prior to the 1980s, M&A usually allowed acquired companies the opportunity to retain their store identities, their customer base, and their nameplate. Meanwhile, a parent company handled management oversight and, often, controlled the net assets and looked after liabilities within the store's operation.[12] Operating in the same retail sector meant that department store M&A could integrate a company's business portfolio and cannibalize sales in overlying market areas.[13] The timing was crucial for a successful M&A. In Britain during the 1970s, Debenhams executives expanded its M&A portfolio after rents on London's Oxford Street skyrocketed by over six hundred percent.

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[8] Rompotis, "Mergers and Acquisitions," 34; *Business*, 1347.
[9] In other terms, a merger can be considered a 'friendly takeover,' whereas an acquisition can be considered a 'hostile takeover.' A targeted firm can be saved from a potential hostile takeover by a 'white knight'—a separate company who might have bid on the target firm and "comes to the aid of a target firm." A white knight would retain the target company's board of directors or existing management and likely reduce the odds of "selling off" the target company's assets. Xing Chen and Saif Ullah, "Motives and Consequences of White Knight Takeovers," *Journal of Corporate Accounting & Finance* 29, no. 3 (July 2018): 47.
[10] Michael Barbaro, "Shoppers Grieve (Just a Little) at the Loss of Hometown Names," *The New York Times* 155, no. 53438 (December 24, 2005): C1-C4.
[11] Oh and Kahm, "Selling Smiles," 5.
[12] Howard, *From Main Street to Mall*, 194.
[13] Stephen Wood, "The Limits to Portfolio Restructuring: Lessons from Regional Consolidation in the US Department Store Industry," *Regional Studies* 36, no. 5 (July 2002): 516.

Rent increases left other department stores in financial difficulties, and Debenhams leaders were able to move in and acquire their stores and their stock cheaply.[14]

In the United States, a "leveraged buy-out phenomenon," a recently developed tactic in finance capitalism, emerged in the department store sector in the late-1980s.[15] In a leveraged buyout (LBO), the acquirer takes over the acquired company using borrowed money. Both companies' assets serve as collateral for loans to cover the acquisition. Assets are then sold to repay these debts. However, if debt obligations are not met, the acquiring company can enter a pre-bankruptcy state or go bankrupt.[16] The instability of LBOs caused industry leaders, such as Macy's and Allied Stores, to begin filing for Chapter 11 bankruptcy protection in the late-1980s and early-1990s.[17] Various takeover strategies were popular amongst department store leaders who targeted regional department store chains. M&A with regional stores had the potential to increase or restructure a struggling store's retail portfolio and resituate the struggling store as a part of a trend for "newly emerging conglomerates."[18] Stores within a conglomerate tended to serve different markets, but any difference depended on the conglomerate. Conglomerates were usually named for the best-known store or the original acquiring company. Structurally, a conglomerate's parent company exercised ownership or operational control over its department store brands or chains—its subsidiaries or child companies. By 1991, these conglomerates could range from two to three stores, such as Neiman-Marcus Groups' control of Neiman Marcus and Bergdorf

[14] Ashmore, "Extinction and Evolution," 53-56; "History," Debenhams, accessed August 6, 2020, https://ir.debenhams.com/history. Debenhams executives had actively been engaging in M&A tactics throughout the business' retail, wholesale, and manufacturing sectors on an international scale since the 1800s.
[15] Steve Wood and Neil Wrigley, "Market Power and Regulation: The Last Great US Department Store Consolidation?" *International Journal of Retail & Distribution Management* 35, no. 1 (January 2007): 21.
[16] *Business*, 1196, 1275.
[17] Wood and Wrigley, "Market Power and Regulation," 21.
[18] Ibid. American private investment firm, National Retail and Development Company Equity Partners, or NRDC Equity Partners, purchased the Hudson's Bay Company in 2008 and began to grow it as a retail business group. See Chapter 13 for more on this sale, HBC holdings, and department store internationalization.

Goodman, to May Department Stores' ownership of over fourteen brands, including Filene's, Foley's, and Lord & Taylor.[19] Leaders of department store conglomerations have continued to engage in M&A throughout the 2000s and 2010s, notably with the creation of Isetan Mitsukoshi Holdings Ltd., following the merger of Japanese department store chains Mitsukoshi and Isetan in 2008.[20] Overall, the post-1980s saw a "rising concentration [of stores] in the department store industry," yet a failure for some conglomerates to distinguish one store under their label from the next, contributing, some have claimed, to bland consumer experiences.[21]

For loyal retail customers, M&A can upset the shopping experience if the acquired store provided products or services that were unattainable or difficult to find at alternative locations.[22] In effect, the M&A might cause a reduction in "localized competition or facilitate collusion" if leaders in new stores or existing stores responded too slowly to M&A and failed to restore competition in the marketplace. An alternative view suggests that consumers can aid in facilitating competition after M&A if they adapt their shopping habits to an alternative retail format, whether that be shopping at the newly merged company or a new or expanding business.[23] Therefore, understanding the implications of what the retail market could look like post-M&A is a matter of significance to executives since poor management could undermine their anticipated profits. There was a lot to consider when assessing the merits and pitfalls of M&A.

HBC archival records indicate the extensive process that HBC executives embarked upon when considering possible M&A targets. In the twentieth century, the HBC acquired numerous

[19] Barbara Solomon, "Madness in Store: The New Realities of Retailing," *Management Review* 80, no. 8 (August 1991): 6; Barbaro, "Shoppers Grieve (Just a Little) at the Loss of Hometown Names," C1-C4. May Department Stores was subsequently merged with the Federated Department Stores conglomerate in 1994.
[20] Hiroshi Okabe, "Dept. Stores Realigned into 4 Major Groups," *Economy, Culture & History Japan Spotlight Bimonthly* 26, no. 6 (Nov/Dec 2007): 4.
[21] Howard, *From Main Street to Mall*, 194.
[22] John David Simpson, "Did May Company's Acquisition of Associated Dry Goods Corporation Reduce Competition? An Event Study Analysis," *Review of Industrial Organization* 18, no. 5 (June 2001): 352.
[23] Simpson, "Did May Company's Acquisition of Associated Dry Goods Corporation Reduce Competition?" 352.

stores in various retailing sectors, such as catalogue store, Shop-Rite; discounters, Zellers, Fields, and Kmart Canada; and department stores, A.J. Freiman Ltd., and Woodward's.[24] Two of the HBC's most significant business dealings surrounded the M&A of Montreal department store, Morgan's, in 1960 and Toronto-based store, Simpson's, in 1978-1979—after earlier attempts to takeover Simpson's in 1969. These two case studies show the importance of dissecting the internal advantages or disadvantages of M&A, external similarities and differences between a company and its M&A target, timing considerations, and the complexities of navigating international negotiations in M&A operations.

In 1845, Henry Morgan founded Henry Morgan & Company, or Morgan's, as a dry goods store for customers in mainly Anglophone Montreal.[25] The company had evolved into a department store by 1891, slowly expanding its premises throughout the early-1900s until its main store reached 510,400 ft^2.[26] In 1950, Morgan's executives responded to suburbanization and the post-war economic boom by investing in branch stores. Over the succeeding decade, ten branch stores opened in Montreal, Toronto, Ottawa, and Hamilton.[27] By 1959, Morgan's had sold

[24] "MarketLine Company Profile: Hudson's Bay Company."
[25] Hudson's Bay Company Archives, Archives of Manitoba, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report, 1960, RG2/14C/1; "Morgan's of Montreal," Hudson's Bay Company History Foundation, accessed August 7, 2020, http://www.hbcheritage.ca/history/acquisitions/morgans-of-montreal. Executives used codenames within Hudson's Bay confidential documents for potential M&A targets to disallow rival companies or non-company personnel from identifying or undermining HBC business dealings. In a 1960 confidential report, company executives used the codename 'East Company' to refer to Morgan's. A correlation of 'East Company' activities, including store establishment date, relocations, expansions, and other timeline similarities, indicate this finding. For instance, archival documents state that the original store location for the 'East Company' was on Notre Dame St. in 1845. It was then moved in 1891 to St. Catherine St. across from Phillips Square, between Aylmer St. and Union Street. The original location of Morgan's was Notre Dame St. in 1845. In 1891, its flagship store was moved to St. Catherine St., across from Philips Square. As of August 2020, this store location is currently operated as La Baie d'Hudson.
[26] HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report. Selling space, warehouse space, and service building space are included in the total square footage. The total selling space of the main store in 1959 was 294,500 ft^2.
[27] HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report. Strategically, this method of expansion during the post-war period mirrored the expansion of Hudson's Bay.

$47,951,000 in net sales and had generated $2,598,000 in net profit—of which 98.2% of sales came from its main store.[28]

Morgan's offered customers numerous merchandise lines with 'good' to 'excellent' quality rankings and at price levels that targeted a higher income group.[29] The company excelled in its Women's Apparel and Accessories department while lacking in Children's Wear, Men's Wear, and Home Furnishings.[30] The store's services were plentiful, including "credit, free delivery, telephone and mail orders, gift wrapping and boxes, approvals, fashion shows, rest rooms, checking service, [a] store hospital and parking," as well as utilizing a conservative selling approach. Customers rarely encountered "self-service or self-selection sections" in the urban stores, yet the staff was undertrained in merchandise knowledge or often lacked sufficient retailing experience.[31] In Montreal, Morgan's customers were spread across the age spectrum, although its image and popularity weakened among Francophones, who preferred Dupuis Frères or specialty shops.[32]

In 1960, HBC executives viewed a potential M&A with Morgan's as a gateway to wider "geographical coverage [throughout Canada] and greater stability in earnings."[33] Hudson's Bay stores populated Western Canada but had not had the opportunity to enter a major urban market in Eastern Canada, where the population was growing more rapidly. The HBC saw M&A with

[28] HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report. The net profit percentage was 5.4%. From 1951 to 1959, Morgan's averaged net profit margins of 5.4%, which was 0.4% higher on average than Hudson's Bay stores. The difference could be accounted for the Hudson's Bay's higher rent, repairs, and depreciation costs.
[29] Ibid. Merchandise in Hudson's Bay stores was graded from 'fair' to 'excellent' since the company's price scale was lower. Morgan's stores had weakened appeal and acceptance with lower middle and low-income groups. Hudson's Bay offered items that were meant to specifically target lower middle and low-income groups.
[30] Ibid.
[31] Ibid.
[32] Ibid. A 1958 market survey by A.J. Wood & Company suggests that the disparity in store image between Francophone and Anglophone Montrealers was less pronounced for Morgan's and Eaton's compared to Simpson's and Ogilvy's.
[33] Ibid.

Morgan's as a fine opportunity to buy their way into the Eastern market where the Morgan's name was well-known. HBC leaders recognized they would need to use an "aggressive expansion programme" to capitalize on Morgan's name and counterbalance market deterioration in Western Canada from "increased shopping centre competition."[34] Integrating HBC and Morgan's operations could increase the companies' buying strength, improve merchandise lines, and turn higher profits.[35] Pooling both companies' planning and administrative experience could help improve economies and eliminate inefficiencies, notably at the expense of Morgan's staff. M&As had the potential for productivity gains but at an immediate cost of ill-will.

HBC leaders feared that a failure to merge with Morgan's risked pushing the Montreal company towards a deal with an HBC rival. Company executives identified Woodward's—a chain of department stores across British Colombia and Alberta—as the most likely rival to consider Morgan's as an M&A target. If Woodward's succeeded in M&A discussions with Morgan's, the HBC would be "the only Canadian department store chain without major stores in Eastern Canada."[36] There was also the possibility that Morgan's would sell to an American company which would increase American department store competition in the Canadian retail marketplace and potentially damage Hudson's Bay's retail position in the long-term.[37]

The main disadvantages to a possible M&A with Morgan's were personnel and real estate concerns. HBC executives were unsure if the Morgan family was keen to sell the business, even as it faced familial succession problems and were soon to see weakening profits due to the

[34] HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report. The suggested program for expansion was meant to occupy a major portion of Hudson's Bay's expansion plans during the five to six-year period after Morgan's acquisition. Executives worried that any concentration of upper-level staffers could negatively affect the company's current profits and operations if steps were not carefully planned.
[35] Ibid.
[36] Ibid; "MarketLine Company Profile: Hudson's Bay Company." Woodward's underwent M&A with the HBC in 1993.
[37] HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report.

complicated operational and physical expansion of their company.[38] Morgan's staffers posed potential unionization and labour action difficulties since Morgan's employees were paid on average lower wages and salaries than Hudson's Bay staffers.[39] The HBC would be acquiring the pent-up dissatisfaction of employees who, if unionized, could strike. Plus, the majority of Morgan's staffers were older, meaning the potential payout that the HBC would need to set aside for retirement costs in the following years was going to be high.

Morgan's main store on St. Catherine St. had begun to deteriorate and required updating to compete with rival stores and provide customers with an inviting atmosphere. HBC executives estimated that renovations to the main store would cost $1,500,000.[40] The main store was also too small to satisfy the assortment of goods needed for a city of Montreal's size. A necessary expansion of 200,000 ft^2 would, according to HBC executives, bring out the full benefits of the store's location. Morgan's branch stores were not very profitable since many were "poorly conceived" and too small to have significant sales potential or even turn a profit. Morgan's executives contended that the Hamilton Shopping Centre location had the greatest chance of improvement—despite successive net loss since the store's opening in 1957—if the store's merchandise lines expanded.[41] HBC executives were less optimistic.

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[38] HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report.
[39] Ibid. Morgan's did not have a system for wage determination. The minimum wage for the store in 1960 was $32.00 per week or $139.00 per month. Otherwise, a wage increase was at the discretion of the Department Manager. Some employees were privy to a one percent commission on their sales. This figure is comparatively low compared to other places throughout Canada in 1960. For example, in February 1960, the average retailing wage was $56.79 per week in Montreal and $61.71 per week in Winnipeg. Morgan's salaried employees received salaries on a "very arbitrary basis" and were decided "purely on the basis of what an individual [was] worth to the company." Executives in the Merchandise Division had the incentive of earning forty percent of their salary as a yearly bonus.
[40] Ibid. HBC executives did note that the main store's deteriorated condition would contribute to their valuation of the store and what they would be willing to pay to buy or rent that location.
[41] Ibid. The Hamilton store was two-storeys and lacked merchandise selection in Furniture (excluding "summer furniture"), Pictures & Mirrors, Floor Coverings, Radios & Television, and Major Appliances departments with a limited selection in Hardware. HBC executives believed that the Hamilton store was "too high-class and high-priced for an industrial city like Hamilton."

Despite concerns, HBC executives decided to extend an offer to Morgan's. The offer stipulated that the HBC-Morgan's merger would make Morgan's a "100% subsidiary" of the HBC, where the HBC would acquire complete control of Morgan's and all affiliated Morgan's properties.[42] The HBC proposed a purchase price of an estimated $19 million—the payment consisting of 578,000 HBC shares valued at $25.00 per share and $5 million in cash.[43] Morgan's would continue to operate under its own name, despite its new designation as a "division of HBC." One member of the Morgan family was to be retained as a member of the HBC board to allow for a voice in "more diversified interests."[44] HBC executives were uninterested in alternative corporate arrangements. There would be executive redundancies. The HBC wanted "full control and integration of [Morgan's] retail operations [and] personnel" and sought a "simple corporate structure" that would allow for flexibility in expenses, profits, and asset transfers, among other financial dealings.[45]

For the Morgan family and some company executives, this deal solved the company's succession issues but left worries over any potential M&A of Morgan's looking like "a 'sell-out' to the public, staff, and family."[46] However, these concerns did not impede the business transaction, and Morgan's became an official subsidiary of the HBC in 1960. HBC continued to

[42] HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report.
[43] Ibid. For a breakdown of the assets considered in the evaluation, see HBCA, Report regarding acquisition of Henry Morgan & Company Ltd. (East Company), Report.
[44] Ibid.
[45] Ibid. HBC executives did not see the one hundred percent subsidiary arrangement as disadvantageous to the HBC even when Morgan's Tax Counsel stressed that the HBC would be subjected to a sizable tax penalty if the company assumed a large tax surplus from the sale. Executives saw this potential disadvantage as unlikely given the expansionary plans the HBC outlined for Eastern Canada.
[46] Ibid. Morgan's executives thought a joint operating company was a more beneficial corporate arrangement since it would allow Morgan's to retain its own identity, board members, accounts, and "undertake its own financing and operating with a fair degree of independence." HBC executives disliked this arrangement and found no corporate advantages for the HBC, mainly because intra-company business would be difficult, would not provide the Morgan family with a larger shareholder voice than in a one hundred percent subsidiary deal, and would not solve Morgan's succession problems.

operate Morgan's as an independently named entity until June 19, 1972.[47] Morgan's separate identity eliminated the Morgan family's fears of selling out, albeit it slowed the HBC's corporate penetration of the Eastern market since its name remained lesser-known. There was another opening to the East.

On April 11, 1969, M&A discussions between the HBC, Simpson's, and Simpson-Sears (SS) collapsed, leaving the three companies as separate entities.[48] Possible M&A discussions amongst the three and American retail giant Sears, Roebuck and Co. (Sears) had started in 1968 under the corporate codename: Operation Heyday.[49] Robert Simpson Company Limited, or Simpson's, was a Toronto-based department store that had evolved from a dry goods store in the 1870s. Famed for its rivalry with Eaton's, Simpson's had numerous stores throughout Eastern Canada, sustained a successful catalogue business, and optimized advertising and promotions to entice customers into its stores.[50] In 1952, Simpson's entered an arrangement with Sears to establish 'Simpson-Sears'—a new, separate, and independent department store company in Canada that granted Sears the opportunity to expand its operational reach into the Canadian market.[51]

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[47] HBCA, Canadian head office correspondence filed according to the Direct Decimal System, 602.5.1 CORPORATE IMAGE Morgans/HBC Name - Montreal May 5/71 - June 2/72. See Chapter 8 for more on changing the Morgan's nameplate to 'La Baie.'

[48] Hudson's Bay Company Archives, Archives of Manitoba, Files regarding acquisition of Robert Simpson Company Ltd., Company Organizations - Heyday (D.O Wood's Working Papers), 1968-1969, RG2/14B/5.

[49] HBCA, Files regarding acquisition of Robert Simpson Company Ltd., Company Organizations - Heyday (D.O Wood's Working Papers). Possible M&A targets were considered on the basis of "markets served, market penetration, conflicts of locations, merchandising and operating characteristics," in addition to financial circumstances. In 1969, other potential M&A targets for the HBC included Eaton's, Woodard's, Steinberg's, Dayton's, and J.C. Penney.

[50] Belisle, *Retail Nation*, 48

[51] Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, B2007/184, Simpsons takeover (2), 1978-1979, H2-273-2-3. Sears and Simpson's each attained "41% of the equity interest and 50% of the voting interest" in SS.

In December of 1968, HBC executives first contemplated Simpson's as an M&A target to strengthen the HBC's main retail operations.[52] By 1968, Hudson's Bay stores had performed unevenly since the 1950s and had experienced some unproductive investments. The M&A of Morgan's had "proved to be untimely and…unproductive;" Eaton's and Simpson's inseparability as twin shopping centre anchors in Eastern Canadian suburbs had pre-empted HBC's dissemination into suburban areas, and the HBC continued to lack sufficient suburban operations in Western Canada.[53] A combination of Simpson's and the HBC had the potential to create a department store operation that "would be truly national as it would stretch from Halifax to Vancouver."[54]

A tentative deal supposed that a merger would give the combined companies a market value of $600 million—twice HBC's value at the time. The deal suggested that HBC shareholders would be limited to "55% of the new organization" since the merger would be between two companies of roughly the same size.[55] Simpson's executives imagined a similar split, but with Simpson's shareholders receiving the higher share percentage. Despite the disagreement over who would be the lead company, both favoured a complete merger, which had operational benefits and protected each other if the other party initiated a takeover attempt.[56] Since both HBC and

[52] Earlier discussions about a possible M&A with Simpson's occurred between HBC executives as early as 1938. Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, B2007/184, Simpsons takeover (1), 1978, H2-273-2-3.
[53] HBCA, Files regarding acquisition of Robert Simpson Company Ltd., Company Organizations - Heyday (D.O Wood's Working Papers). Exclusion from major shopping centres would make Hudson's Bay "suffer a serious disadvantage" when competing against Eaton's and Simpson's. In 1968, Simpson's and Eaton's combined buying power and expertise was valued at $500 million compared to $72 million for Hudson's Bay and Morgan's.
[54] Ibid.
[55] Ibid.
[56] Ibid. A complete merger would have been achieved by one of the companies "taking over the other on a share exchange basis" or through establishing a new third company that "would take over both companies by means of a share exchange."

Simpson's executives envisioned their company as the "surviving and top company," the terms of this potential M&A arrangement were rejected. No M&A based on these terms was likely.[57]

A possible HBC-Simpson's M&A had legal ramifications too. Any M&A with Simpson's meant that the HBC would have to come to an agreement with SS and Sears due to the integrated relationship between Simpson's, SS, and Sears. In the Canadian retail marketplace, no company was allowed to dominate a majority share of the retail field. HBC executives estimated that a combined HBC-Simpson's endeavour would "represent 22.3% of Canadian store sales." While this figure was not illegal, Simpson's association with SS created the possibility that Simpson's 44% interest in SS, "when combined with [their stake in] the [new] merged company," could exceed the legal standard.[58] If that were the case, Simpson's would be forced to sell some of its shares in SS; however, the 1952 agreement between Simpson's and Sears stipulated that neither party could "sell their interest in Simpson Sears without first offering it to their partner at book value."[59] This stipulation was troublesome because if Simpson's was forced or wanted to sell its interest in Sears," the book value was less than the actual value of the retail shares.[60] A stipulation also existed in the agreement between Simpson's and SS that neither store could "penetrate each other's designated territory," thus, this clause would need to be removed for any beneficial market expansion for an HBC-Simpson's endeavour.[61] Therefore, Sears and SS were roadblocks to any serious HBC-Simpson's M&A discussions. Nevertheless, HBC executives and Simpson's

[57] HBCA, Files regarding acquisition of Robert Simpson Company Ltd., Company Organizations - Heyday (D.O Wood's Working Papers).
[58] Ibid. The 22.3% of sales is based on the presumption that the companies would not suffer a sales loss following the merger.
[59] Ibid.
[60] Ibid. The only advantage was that this clause lessened the likelihood of the Canadian government forcing the merged company to sell its shares since forcing them to do so would increase American control in SS.
[61] Ibid. Sears had been pressuring Simpson's to allow them access to Canada's Eastern markets. However, if the clause was removed, there would be no barrier preventing Sears from entering previously protected markets and drastically shifting the competitive retail scene in urban locales, specifically Toronto and Montreal.

executives held a series of meetings at New York's St. Regis Hotel in January of 1969 to discover M&A possibilities. Meeting notes suggest reluctance from Simpson's executives to entertain any potential M&A that did not involve SS and, more pressingly, Sears. Simpson's executives doubted that Sears was willing to invest in Simpson's given the American retailer's grand scale and that a non-cooperative attitude from Sears would promptly squash all Simpson's M&A considerations.[62] Regardless, the Simpson's delegation promised to discuss the matter with Sears' executives, and if the result was positive, discussions would resume.[63]

Sears' response blocked any M&A between the companies. Sears' officers and directors argued that: 1) SS was already growing and reaching the merchandising potential that Sears executives desired and that continued growth for Simpson's and SS would make the pair a dominant force in the Canadian marketplace without the participation of HBC; 2) a potential merger would have to allow Sears 50% ownership of voting shares for the merged company; 3) Sears was more interested in the prospect of a complete acquisition of HBC as a part of the Sears label or the Simpson's label, and 4) Sears would consider a potential M&A between Simpson's and SS before contemplating other M&A deals.[64] These considerations did not satisfy HBC executives nor provide Simpson's executives with a reason to move forward with further M&A talks. By the end of February 1969, Operation Heyday had been disregarded, and Simpson's was shelved as a possible M&A target for the HBC.

HBC executives revisited Simpson's as an M&A target in 1978. In the years since Operation Heyday, the dynamic between Sears, Simpson's, and SS had changed. SS department stores mainly operated in Canadian suburbs to avoid competition from Simpson's in urban

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[62] HBCA, Files regarding acquisition of Robert Simpson Company Ltd., Company Organizations - Heyday (D.O Wood's Working Papers). In 1969, Sears was the largest merchandiser in the world.
[63] Ibid.
[64] Ibid.

locations, allowing the companies to maintain an appropriate operating distance from one another.[65] SS also followed a similar conservative merchandising structure to Sears' stores in the United States to distinguish its approach from Simpson's stores. By 1978, the 1952 agreement between Simpson's and Sears had been amended to eliminate "existing territorial restrictions." This allowed Simpson's management to open more suburban store locations without violating contractual terms concerning SS.[66] Therefore, the distinction between Simpson's and SS had become less significant, and in mid-August 1978, executives at Sears and Simpson's announced their intention to merge Simpson's with SS.[67]

HBC executives saw the potential M&A of Simpson's and SS as a simplification of corporate structures and, thus, an opportunity to revive the idea of an HBC merger with Simpson's. The executives believed that the intent to merge meant that the Simpson's board members and management "were prepared for a change in the status quo," whereby Simpson's could "become part of a larger entity"—preferably, the HBC.[68] For the HBC, the M&A of Simpson's would allow it to consolidate Hudson's Bay's strength in Western Canada and focus "the strength of Simpson's in the major markets of Eastern Canada."[69] If merged, Hudson's Bay and Simpson's did not have many real estate conflicts, an important consideration that eliminated the need to close several stores and protected both companies' employees from losing jobs.[70] HBC leaders proposed keeping the existing rival dynamic between Simpson's and Hudson's Bay and wanted both stores to operate independently of one another.[71] Post-M&A, they wanted Hudson's Bay and Simpson's

[65] HBCA, HBC corporate secretary's subject files, Simpsons takeover (2).
[66] HBCA, HBC corporate secretary's subject files, Simpsons takeover (1). Contractual amendments further eliminated stipulations that forbade SS from "the right to terminate joint merchandising and service programs" if Simpson's underwent M&A with a third party.
[67] Ibid; HBCA, HBC corporate secretary's subject files, Simpsons takeover (2).
[68] HBCA, HBC corporate secretary's subject files, Simpsons takeover (1).
[69] Ibid.
[70] Ibid. HBC executives estimated that the M&A would create three hundred and fifty new jobs per year.
[71] Ibid.

to retain their "own market character" for corporate purposes and encourage customers to continue to perceive the stores as distinct.[72] At the time, HBC executives did not consider an M&A with SS; instead, they sought a dilution of foreign investment and a blockage of Sears' access to the Canadian market share by keeping Simpson's out of the hands of the Americans.[73]

HBC leaders made a counteroffer on November 27, 1978, to have Simpson's instead of SS undergo M&A with the HBC. Simpson's executives refrained from accepting the share valuation in the HBC. Moreover, that the deal did not benefit Simpson's employees, suppliers, or customers, nor adequately discuss the HBC's intentions towards SS.[74] Legally, the HBC's offer presented legislative concerns. If Simpson's accepted a revised HBC offer, the new combined company had the potential to become a "large and possibly monopolistic retail operation."[75] Since an M&A of Simpson's would by proxy grant HBC equity in SS, the federal government had the authority to ask HBC to divest equity in SS. Still, the 1952 Sears-Simpson's agreement stipulated that all relinquished equity interest had to be first offered to Sears—in effect, creating an increased American presence on the Canadian marketplace that a Canadian government could challenge.[76]

[72] HBCA, HBC corporate secretary's subject files, Simpsons takeover (1). Department store chain executives frequently operated two sister stores in the same geographic area. For instance, in 1978, Federated Department Stores operated both Bloomingdales and Abraham and Strauss across New York. Inter-divisionary competition was common in other industry sectors, such as the automobile industry.
[73] Ibid; HBCA, HBC corporate secretary's subject files, Simpsons takeover (2). A statement from SS stated that SS executives thought their merger proposition would be more "advantageous for the Canadian public" than if Simpson's merged with a Canadian company, specifically in regards to "employment, capital expenditures and purchasing." HBC executives countered by saying that they were willing to commit $289 million towards new Simpson's and Hudson's Bay stores during the succeeding three years, compared to SS intentions to outlay $60 million for ten department stores and one hundred catalogue offices in the succeeding five years. M&A between Simpson's and SS needed to be considered by the Foreign Investment Review Agency (FIRA)—an agency dedicated to the retention of Canadian business in Canada. The federal government allowed FIRA the opportunity to stop a takeover bid that threatened Canadian interests by presenting it to the courts. In 1978, FIRA was a young agency—having been established in 1973—and its power was still "open to question."
[74] Ibid; Ibid. The HBC's offer valued Simpson's shares at $8.27 per share on the condition that "60% of the stock [was being] tendered." Simpson's executives believed they could attain an offer with a valuation of $10.00 per share.
[75] HBCA, HBC corporate secretary's subject files, Simpsons takeover (2).
[76] Ibid.

Legal concerns did not stop HBC leaders from proposing a secondary M&A offer in December of 1978. This proposal specified that the HBC did "not in any event propose to participate in the management direction or operations of Simpsons-Sears Limited."[77] Moreover, the HBC would "treat the Simpsons shareholding in Simpsons-Sears Limited as a passive investment."[78] If that was agreeable, then SS would be operated at an "arm's length from" HBC, allowing SS the opportunity to continue competing in the Canadian marketplace.[79] Simpson's executives accepted the offer.

On January 11, 1979, HBC leadership issued a press release. The company had "acquired approximately 87% of the outstanding shares of Simpsons, Limited" as of January 10.[80] The official merger amalgamating the HBC and Simpson's was finalized on July 31, 1979, following the approval of the M&A at the Simpson's shareholders meeting.[81] The HBC gained a thirty-five percent interest share in SS, and Simpson's joined Hudson's Bay and Zeller's as the third division of the HBC's retail activities. Simpson's remained an active brand until 1991.[82]

While HBC's M&A activities in the late twentieth century permitted the survival of venerable names in Canadian retailing, in the early-2000s, most of the original M&As that the company had acquired had been closed or were inactive—including Morgan's and Simpson's. These two case studies provide a glimpse into the complex business dealings and legalities that

[77] HBCA, HBC corporate secretary's subject files, Simpsons takeover (2).
[78] Ibid.
[79] Ibid; Hudson's Bay Company Archives, Archives of Manitoba, The Bay executive office files, HB2007/207, File 102: Subsidiaries – Simpsons, 1979-1982, H2-247-1-1. In 1979, Simpson's executives initiated 'Operation Unwind'—a series of discussions "to separate the direct operating relationships between Simpson's and Simpsons-Sears." Simpson's and SS needed to be 'unwound' from their close business relationship in terms of catalogue sales, architectural, printing and personnel services, fur storage, gift certificates, reports, donations, and association fees. While HBC executives did not have involvement with these dealings, they were kept up-to-date on the discussions through their Simpson's executives.
[80] HBCA, HBC corporate secretary's subject files, Simpsons takeover (2).
[81] Hudson's Bay Company Archives, Archives of Manitoba, HBC corporate secretary's subject files, HB2007/184, Press releases - 1977-1980, 1977-1980, H2-273-1-3.
[82] HBCA, HBC corporate secretary's subject files, Simpsons takeover (2); Bradburn, "From Simpsons to the Bay to Saks."

allowed some department stores to grow into conglomerates and why others were acquired businesses. Common threads in HBC's M&A considerations were geographical expansion and its desire to retain Canadian ownership during times of potential American encroachment. Ironically, after years of pushing back against American involvement in the Canadian department store scene, the entire HBC enterprise was sold to an American private investment firm in 2008, ending its existence as a chain of 'Canadian' department stores.[83]

[83] See Chapter 13 for the sale of the HBC and internationalization.

CHAPTER 13
Merchants in New Markets: Department Stores and Internationalization

The owners or managers of department stores around the world endeavoured to stage shopping as an uplifting experience, a promenade into privileges marked clearly by their architecture and attention to service. In recent times, the grand edifice, the flagship store, has suffered from suburbanization and the fragmentation of prestige retailing.[1] In some instances, brand names retain distinction. In recent years, HBC executives have not simply relied on the name but underscored a message of distinction. "Canada's Iconic Department Store" is the online tagline for Hudson's Bay department stores.[2] The use of 'Canada' and 'iconic' seems to pay homage to its longevity. While 'iconic' is a subjective bid for distinction, a concept that can neither be verified nor disputed, the reference to 'Canada's' is more debatable, more problematic. For most of its existence, its ownership has been located outside British North America and later Canada. Thus, it is more prudent to say that the HBC and Hudson's Bay stores have operated primarily on Canadian soil for over three hundred years, and not imply that it was Canadian-owned.[3]

As much as HBC executives might wish to claim Canadian roots—and propose its importance in the establishment of Canada—the company is far more internationalized than advertised. The company was founded as a British trading company and remained a British institution until 1970. The thirty-six-year period between 1970 and 2006 was the sole period when the company was owned and operated as a Canadian company. It became an American-owned company in 2006 and has remained in American control since. With American leadership, the HBC has been a part of a holding portfolio that has acquired and discarded several international

[1] See Chapter 5 and Chapter 11 for more on suburbanization and department store competition.
[2] "Home," Hudson's Bay. The full online tagline appears as "Hudson's Bay: Canada's Iconic Department Store."
[3] This criticism does not tarnish or diminish the company's retailing capabilities in any way but levers a critique of its corporate myth-making. During the company's early trading years, 'Canada' did not constitutionally exist; thus, the company mainly engaged in trading activities throughout northern North America.

companies. It can be argued that HBC leaders have largely been engaging in international activities for the bulk of the company's history. Moreover, HBC management started opening Hudson's Bay stores in non-Canadian locations in 2017.

If the designation as 'Canada's Iconic Department Store' rings hollow, its adoption may have something to do with this expansion outside the country, as well as its American ownership. It is not too fanciful to think that management decided that Canada's image abroad could spill over to a retail experience. In that sense, the branding was a part of the delicate maneuvering of department store chains during international moves, an exceeding difficult operation to manage successfully. The previous chapter examined the aims and tactics of domestic mergers; this chapter explains internationalization. HBC expansion abroad occurred when the firm was American-owned, and that may have made it important to project Canadian identity. Establishing satellite stores abroad has allowed department store leaders to expand their market reach and profit potential; however, the failure to judge, adapt, or prepare to enter a new location always came with risks. Sometimes, by misjudging the cultural fit or local loyalties, expansion-minded leaders weakened their brand before the retail stores were fully operational. This chapter covers HBC's American ownership and subsequent international holdings and Hudson's Bay's European operations—specifically, Hudson's Bay Netherlands (HBN) from 2016 to 2019.

Some insight into the challenges facing retailers that have attempted to branch out internationally can be gained from George Ritzer's theory of glocalization which identifies the spread of 'nothing' and 'something.'[4] Contextually, 'nothing' comprises ideas and goods that are

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[4] George Ritzer, "Rethinking Globalization: Glocalization/Grobalization and Something/Nothing," *Sociological Theory* 21, no. 3 (September 2003): 193; B. Kumaravadivelu, *Cultural Globalization and Language Education* (New Haven: Yale University Press, 2008), 45; Alan Bryman, *The Disneyization of Society* (London: Sage Publications, 2004), 153. The academic community attributed the term 'glocalization' to sociologist Roland Robertson. Alan Bryman argued that glocalization cannot be seen as a separate process from globalization "since the forces of globalization will almost always have to be moulded by the local." The intensity of the glocalization process can differ based on the strength of global impulses and local areas' resistance.

rapidly processed and mass-produced for movement worldwide. 'Nothings' are non-specific. Whereas 'something' contains a more specific substance and tends to originate in the local environment.[5] Keeping with Ritzer's original concept, 'the global' embodies 'nothing' qualities and signifies any transnational elements in the retail world. 'The local' embodies 'something' qualities, as well as referring to a concentrated area, specifically a city or country.[6] If this is a sound argument, businesses that move into international markets would be well advised to balance local and global ideologies and preferences. There are supporting examples. McDonald's succeeded in blending the local and global by using non-standardized meal options in locales that required food alternatives for social, cultural, or religious reasons.[7] In contrast, in 2007, Starbucks closed its franchise in Beijing's Forbidden City following criticism that Starbucks represented a "low culture, an icon of Western" business opportunity that contrasted the "refined cultural legacy condensed in the Forbidden City."[8] The unique, cultural symbolism of the Forbidden City conflicted with the commercialization of Starbucks and everything that the franchise represented as a feature of globalization. Starbucks did have a 'home' in other places across China. The problems arose when the 'nothing' came in contact with the 'something.' In the Forbidden City

[5] Ritzer, "Rethinking Globalization," 194-196. Ritzer argued that the average person has greater access to 'nothing' than 'something.' Even the wealthiest people are susceptible to purchasing 'nothing'; in fact, they may buy it more frequently.

[6] Ritzer warned that a company that produces 'nothing' will not be more or less successful than a company that produces 'something,' especially depending on the company's location, nor will it guarantee that it will be successfully integrated worldwide, even if it increases a company's odds of garnering international recognition and influence. Social, cultural, economic, and political factors on a micro and macro level are influential in determining the success or failure of international retail business. A challenge to glocalization exists in this dilemma. For more on something-nothing theory, see also George Ritzer and Michael Ryan, "Globalization of Nothing," *Social Thought & Research* 25, no. 1/2 (2002): 51-81 and George Ritzer, *The McDonaldization of Society* (USA: Sage Publications, Inc., 2004).

[7] Food items at McDonald's international locations have included: Georgie Pie in New Zealand; mixed veggies, eggs, and twisty mini pasta bowls for breakfast in Hong Kong; the Veg Pizza McPuff in India; Monterey Jack cheese melts as a side in the United Kingdom; and fresh corn as a side dish in Japan. Mallory Schlossberg, "26 crazy McDonald's items you can't get in America," *The Business Insider*, July 1, 2015, https://www.businessinsider.com/mcdonalds-international-menu-items-2015-7.

[8] Gang Han and Ai Zhang, "Starbucks is Forbidden in the Forbidden City: Blog, Circuit of Culture and Informal Public Relations Campaign in China," *Public Relations Review* 35, no. 4 (November 2009): 395.

instance, a profoundly significant cultural setting proved stronger than an outside 'nothing' influence.[9]

Culturally significant aspects of life cannot be 'nothing.' Consequently, they are more difficult to control from a marketing and retailing perspective. However, control or access to both aspects—global and local—is possible. The HBC provides an example. Despite centuries of British ownership, it integrated itself into a national narrative of a continent-wide country and the sentimental or regional aspects of people's lives. It became a local 'something.'[10] Department stores are intersections of global and local because it is in their business' nature—to sell international and national goods and provide a socio-cultural experience for guests.

Glocalization is one concept. Internationalization deserves separate consideration as the expansion of a business or the increasing involvement of a business in a non-domestic market.[11] Glocalization can explain some internationalization challenges, but first, it is important to consider why corporate executives might attempt expansion in other countries. Companies seek internationalization for various reasons, including saturation or impending saturation of the home market, diminishing risk, and the maturity of a company or store format.[12] For retail companies, internationalization can take several forms. Some operate separate "chains of stores in different countries" to retain a local brand identity. Some use the same name internationally. Others form

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[9] Jonathan Watts, "Starbucks faces eviction from the Forbidden City," *The Guardian*, January 18, 2007, https://www.theguardian.com/world/2007/jan/18/china.jonathanwatts. 'Something' and 'nothing' are not absolute categories and are subject to context.
[10] See Chapter 2 for more on the HBC, its role in Canadian society, and Canadian nationalism.
[11] Paul Westhead, Mike Wright, and Deniz Ucbasaran, "Issues Surrounding the Internationalization of SMEs: Implication for Policy Makers and Researchers," in *Small and Medium-Sized Enterprises and the Global Economy*, ed. Gerald I. Susman (United Kingdom: Edward Elgar Publishing Limited, 2007), 281.
[12] Neil M. Coe, "The Internationalisation/Globalisation of Retailing: Towards an Economic-Geographic Research Agenda," *Environment and Planning A: Economy and Space* 36, no. 9 (2004): 1586-1588. Other reasons for internationalization include economic conditions in the home market, new market opportunities, following retail rivals expanding overseas, unexploited markets, following an existing customer base, corporate vision, and removal or erosion of entry barriers or access.

alliances of multiple businesses from different countries but then coordinate with an "international central management" for their business functions like financing or purchasing.[13] Department stores that have gone international have adopted either the first or second forms because department store leaders considered it wise to use global or multinational retailing strategies where a brand name could hold loyalty or alternatively stir interest.[14]

A global retailing strategy means that a business reproduces its domestic market concept in a different country.[15] Specialty stores, like IKEA, or fast-food retailers apply this strategy. Their standardized presentation, display, product assortment, service standards, and pricing have the advantage that the stores or franchises can be easily replicated across the globe.[16] A pitfall is that these businesses operate under the presumption that a targeted market shares the same cultural outlooks as the existing one. The multinational retailing strategy occurs when a company reproduces its concept globally but adapts content to local conditions.[17] The marketing mix used by these companies varies in relation to the location's consumers' expectations.[18] Variety stores and hypermarkets are proponents of this strategy. The drawbacks include greater management training.[19]

According to business analyst John Dawson, retailers that attempt either of these strategies for internationalization can fail if, to use Dawson's concepts, they are unable to stabilize, consolidate, control, and dominate their new markets. To stabilize after market entrance, a

[13] John Dawson, "Internationalization of Retailing Operations," *Journal of Marketing Management* 10, no. 4 (May 1994): 268.
[14] Other retailing strategies include transnational, investment, and mixed. See also Nicholas Alexander and Hayley Myers, "The Retail Internationalisation Process," *International Marketing Review* 17, 4/5 (January 2000): 344.
[15] Walter J. Salmon and André Tordjman, "The Internationalisation of Retailing," in *The Globalization of Retailing: Volume I* (Cheltenham, UK: Edward Elgar Publishing Limited, 2009), 9.
[16] Salmon and Tordjman, "The Internationalisation of Retailing," 10.
[17] Ibid., 17.
[18] Larke, "International Retailing in Japan," 10.
[19] Salmon and Tordjman, "The Internationalisation of Retailing," 13, 16.

company needs to develop a formula as the "benchmark format" for the business and develop an understanding of the market through its competition. Once the market circumstances are known, the business can consolidate its position and consider a growth strategy after the concept is finetuned.[20] Control comes when businesses can "extend power over suppliers," brand their formula and maintain consistency. Lastly, a retailer can dominate only if it is established as a market player and seeks to increase its "social role" and look to sub-markets for possible expansion.[21] Dawson argued that few businesses can pass through these four phases "without failing to achieve their objectives or [possibly having to withdraw] from the market."[22]

Given the difficult steps, internationalization takes time, especially if a retailer challenges "well-established local incumbents."[23] Local businesses have understood and catered to the preferences of the targeted consumers.[24] At times, retailers with international ambitions may sell goods already purchased for other locations instead of buying well-appreciated local goods.[25] They neglect the value of 'the local.' A balancing act is needed to strike a market and sustain a presence. However, because international operations are capital intensive, long-term turnaround can frustrate business leaders, especially if a business has attempted internationalization in multiple locales at once.[26] Plus, regardless of market potential, internationalized retailers are likely to "derive the greatest proportion of their turnover from [their] domestic markets."[27]

All in all, expansion into other countries is not a faster and easy path to greater returns on investment. Yet, department stores mainly engaged in internationalization throughout the 1900s

[20] John Dawson, "Introduction," in *The Internationalisation of Retailing in Asia* (New York: RoutledgeCurzon, 2003), 4.
[21] Dawson, "Introduction," 4.
[22] Ibid.
[23] Marantz, "Evaluating Department Store Advertising," 107.
[24] Ibid., 108, 110.
[25] Ibid., 110.
[26] Ibid., 111.
[27] McGoldrick and Ho, "International Positioning," 61.

and into the 2000s, chalking up successes and failures. During the Japanese occupation of Korea, management at Japanese department store Mitsukoshi established a satellite store in Seoul in 1906 that remained operational until Korea's liberation from Japanese rule in 1945.[28] In the 1960s, as Hong Kong flourished and grew, there was an influx in international investment from Japanese and Western department stores.[29] Three decades later, Japanese stores, such as Isetan and Daimaru, left Hong Kong following "unfavourable economic conditions" in both countries.[30] Japanese department store leaders continued to attempt internationalization in South East Asia when Japanese tourism increased in the 1980s and 1990s. Japanese tourists preferred shopping at Japanese stores; thus, some stores targeted tourists more than locals.[31]

Management at British department store Marks & Spencer began a bold internationalization in the early-1970s, entering Canada in 1972.[32] Next, in 1975, it opened shops in France, Ireland, Belgium, the Netherlands, and Germany and followed with franchises, mergers, and acquisitions in Asia, Europe, and North America.[33] In 1999, as the company's profits fell, it had to retreat. In Canada, supply chain logistics, variation between clothing requirements in the United Kingdom and Canada, the dissimilarity between Canadian and British consumers, and a

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[28] Choi, "Moves into the Korean Market by Global Retailers and the Response of Local Retailers," 50-51. Japanese satellite stores provided the base operational formula and buildings for many Korean department stores. Following the establishment of the Korean state in 1945, Mitsukoshi's old satellite locations became a chain of Korean-owned and controlled department stores called Donghwa Department Stores until the store changed to its current name—Shinsegae—in 1963.

[29] Lai Ngun Sun, Robert Kay, and Matthew Chew, "Development of a Retail Life Cycle: The Case of Hong Kong's Department Store Industry," *Asia Pacific Business Review* 15, no. 1 (January 2009): 113; McGoldrick and Ho, "International Positioning," 63. Daimaru was the first Japanese department store to enter Hong Kong in 1960.

[30] Sun, Kay, and Chew, "Development of a Retail Life Cycle," 114.

[31] Roy Larke, "Expansion of Japanese Retailers Overseas," *Journal of Global Marketing* 18, 1-2 (2005): 116; Davies and Jones, "International Activity of Japanese Department Stores," 129.

[32] Marks & Spencer, *M&S: International,* n.d., 3, https://corporate.marksandspencer.com/documents/international-timeline.pdf; "About M&S – M&S International," Marks & Spencer, accessed August 20, 2020, https://corporate.marksandspencer.com/aboutus/mands-international. The Canadian store was "jointly ran by Peoples Department Stores." The first wholly-owned international Marks & Spencer store opened on Paris' Boulevard Haussman in 1975. Management at Marks & Spencer had been exporting and selling goods under its private brand label, St Michael, since the 1950s and operated a number of St Michael branded shops by 1960.

[33] Nicholas Alexander and Anne Marie Doherty, *International Retailing* (Oxford, England: Oxford University Press, 2009), 342.

lack of brand recognition or appeal in Canada contributed to the firm closing all two hundred and seventy-five Canadian stores in 1999.[34] It sold what it could of other international assets until its inly overseas operations were in Ireland and Hong Kong.[35] Foreign market resistance was only part of the retailer's difficulties. Competition in the domestic market forced a refocus on core business.[36]

Canadian department store leaders seldom have pushed their stores into a foreign market. Rather, Canadian retailers internationalized—more accurately were internationalized—by cross-border mergers. We have mentioned the Canadian-American collaboration between Simpson's and Sears, Roebuck. There was another. The Selfridge Group acquired Holt Renfrew in 2003.[37] HBC's internationalization did not break with the pattern of Canadian retailers sticking to home knitting. It came about after the firm ceased being owned in Canada. The 2006 acquisition by Americans injected a different entrepreneurial outlook and set the company on a path to becoming a part of an international chain.

In autumn of 2003, American billionaire businessman, Jerry Zucker, started to accumulate holdings in HBC, amounting to 18% in outstanding shares—roughly 13 million shares.[38] Zucker

[34] Alexander and Doherty, *International Retailing*, 342; S.L. Burt et al., "Retail Internationalization and Retail Failure: Issues from the Case of Marks and Spencer," *International Review of Retail, Distribution and Consumer Research* 12, no. 2 (April 2002): 204, 211. By 1998, Marks & Spencer executives operated department stores in over thirty countries.
[35] Alexander and Doherty, *International Retailing*, 342.
[36] Ibid., 342-343. Once the business recovered domestically, Marks & Spencer executives returned to franchising internationally, albeit with a more conservative approach than previous internationalization attempts.
[37] "Home," Selfridge Group, accessed August 21, 2020, https://selfridgesgroup.com/. Selfridge Group is a Canadian retail group that owns a number of international department store brands: Holt Renfrew in Canada, Brown Thomas and Arnotts in Ireland, Selfridges in the United Kingdom, and De Bijenkorf in the Netherlands.
[38] Zena Olijnyk, "Zucker Plays His Hand: The Bay Gets Sold to a U.S. Investor," *Canadian Business*, January 30, 2006, https://www.canadianbusiness.com/business-strategy/zucker-plays-his-hand-the-bay-gets-sold-to-a-u-s-investor/; "Billionaire Zucker Purchases Hudson's Bay Company," *Forbes*, February 28, 2006, https://www.forbes.com/2006/02/28/zucker-billionaire-canada-cx_cn_0228autofacescan02/#58a9395f598e; "Hudson's Bay Agrees to be Acquired by U.S. Investor Zucker," *CBC News*, January 26, 2006, https://www.cbc.ca/news/business/hudson-s-bay-agrees-to-be-acquired-by-u-s-investor-zucker-1.578099. Zucker made the offer via his company, Maple Leaf Heritage Investments. Estimates placed Zucker's share percentage between 18% and 19%.

wanted to acquire the company in its entirety and made several acquisition propositions to the HBC board during eighteen months from 2003 to 2005. While the board was interested, it rejected Zucker's initial offer, which had valued the equity at $14.75 per share in October 2005. Discussions soured when then CEO George Heller stated publicly that the company was "not for sale."[39]

As of January 2006, the HBC had lost money in six of the previous seven quarters and had experienced a sales decrease of "more than 3% to $1.63 billion" in November of 2005.[40] In 2005, the company's net loss had widened to $50.3 million in its third quarter, compared to $7.87 million the year prior. The retailers struggled to hold market share against discounters, particularly Walmart. The company's stock price fluctuated throughout 2005. It did not help stock market assessments of the company's future that the media reported offers from Onex Corporation—a Canadian private equity firm—and a rumoured informal bid from the major American private equity firm, Cerberus Capital Management, in conjunction with RioCan Real Estate Investment Trust and Kimco Realty Corporation.[41]

Zucker continued to pursue the company, upping his initial bid to $15.25 a share—valuing the company at an estimated $1 billion to $1.55 billion.[42] The HBC board accepted this offer in January of 2006. Zucker boosted his share of the HBC to 82%, roughly 63 million shares, becoming the company's first American Governor and CEO, and making the company a private equity enterprise.[43] Ownership of the company remained with Zucker until he died in 2008. During the Zucker takeover in 2006, American private investment firm, National Realty & Development

[39] Olijnyk, "Zucker Plays His Hand." Zucker's agreement stated his intention "to buy the company's convertible debentures and take over senior corporate debt."
[40] Ibid.
[41] Ibid.
[42] Ibid; "Billionaire Zucker Purchases Hudson's Bay Company."
[43] "Billionaire Zucker Purchases Hudson's Bay Company."

Corporation Equity Partners LLC (NRDC), had acquired a 20% stake in the HBC.[44] NRDC already owned American department store chain Lord & Taylor and sought an expansion of that brand into the Canadian marketplace. Headed by American businessman Richard Baker, NRDC made an offer to takeover HBC after Zucker's death in 2008. While NRDC did not "place a [monetary] value on the deal [publicly,]" Baker and his associates wanted to "invest $500 million [USD] in new equity" into some of the HBC's banners—Hudson's Bay, Zellers, and Home Outfitters.[45] The HBC accepted NRDC's offer, Baker became the HBC's Governor, and the deal solidified American control of the company.[46]

From 2008 to 2020, the company experienced numerous organizational changes under Baker's ownership. While NRDC owned both Lord & Taylor and HBC—consisting of Hudson's Bay, Zellers, Home Outfitters, and Fields in 2008—the two assets were operated under a holding company called 'Hudson's Bay Trading Company, L.P.' from 2008 to 2012.[47] This umbrella company was dissolved in 2012, and HBC and Lord & Taylor were then operated under the combined corporate name: HBC (HBCC).[48] Baker's approach to the HBCC holdings portfolio is

[44] Hollie Shaw, "Lord & Taylor Parent May Buy Hudson's Bay," *National Post*, July 9, 2008, https://nationalpost.com/news/lord-taylor-parent-may-buy-hudsons-bay/wcm/db2e84ea-97a4-4c4b-94b1-e00381e8c817; "About National Realty & Development Corp.," National Realty & Development Corp., accessed August 24, 2020, https://www.nrdc.com/about-nrdc/company-profile; National Realty & Development Corporation, *NRDC Corporate Brochure*, n.d., 2, https://www.nrdc.com/about-nrdc/company-profile. Corporate materials described NRDC as "one of the leading privately-held commercial real estate owner/developers in the Northeast" United States, focusing on "retail power centres, grocery-anchored community shopping centers, and corporate/industrial business parks." Richard Baker had been a member of the HBC board since 2006.

[45] Leah Schnurr, "NRDC Equity Snaps Up Hudson's Bay Co," *Reuters*, July 16, 2008, https://www.reuters.com/article/us-hudsonsbay-idUSN1639158120080716; "HBC Sold to New U.S. Owner," *CBC News*, July 16, 2008, https://www.cbc.ca/news/business/hbc-sold-to-new-u-s-owner-1.732741. While the value of the deal was not publicly disclosed, "representatives for the Bay and NRDC have said [it was] 'slightly' higher" than Zucker's original $1 billion purchase price.

[46] "MarketLine Company Profile: Hudson's Bay Company," 6-17.

[47] Hollie Shaw, "Hudson's Bay Co. Completes Purchase of Lord & Taylor: Report," *Financial Post*, January 23, 2012, https://financialpost.com/news/retail-marketing/hudsons-bay-co-completes-purchase-of-lord-taylor-report.

[48] HBCC is being used as an acronym for 'Hudson's Bay Company Corporate,' which includes all combined branches of the company's dealings, internationally and domestically. Since HBCC's holding portfolio was consistently evolving, multiple companies quickly rotated through the company's ownership. A snapshot of HBCC's holdings in late-2017 demonstrates the multiple branches and companies it controlled: Lord & Taylor, Gilt, Saks

based around real estate opportunities. Baker was not primarily interested in the company's retail operations.[49] While much of this real estate focus meant selling off or repurposing the HBCC's vast land holdings, it also included expanding the HBCC's real estate portfolio via the acquisition of various department store chains and pushing the HBCC's reach as an international conglomeration.

TABLE 14. Timeline of HBCC Business Ventures, 2006-2020

2006	Jerry Zucker acquires the HBC, beginning American ownership of the HBC
2008	NRDC acquires the HBC
2011	HBC sells Zellers to Target Corporation, an American retailer
2012	Hudson's Bay Trading Company, L.P. is dissolved, creating HBCC
2012	NRDC moves Lord & Taylor under the HBCC banner
2012	HBCC sells Fields to Fields Holding Company Ltd., a Vancouver-based business group
2012	HBCC becomes a public company, trades on the Toronto Stock Exchange as HBC.TO
2013	HBCC acquires Saks, Inc.
2015	HBCC acquires Galeria Holding, including Galeria Kaufhof and Galeria Inno
2016	HBCC acquires Gilt, an e-commerce fashion and lifestyle company
2017	HBCC establishes first Hudson's Bay Netherlands department stores
2018	HBCC sells Gilt to Rue La La, an e-commerce shopping platform
2018	HBCC sells Galeria Holding to Signa Holding, an Austrian real estate company
2019	HBCC closes Home Outfitters
2019	HBCC sells Lord & Taylor to Le Tote, an e-commerce clothing rental business
2019	HBCC closes all HBN stores after HBN is declared bankrupt
2020	HBCC delists from the Toronto Stock Exchange, becoming a private company

Note: Table 14 is an accumulation of significant milestones for acquisitions, sales, and ownership.

The establishment of HBC Europe was the first time HBCC's portfolio had expanded outside North America. The HBCC acquired Galeria Holding, the parent company of German department store, Galeria Kaufhof—valued at $3.357 billion—in 2015.[50] This acquisition enabled the company to take operational control of all the retail endeavours under Galeria Holding's,

Inc. (Saks Fifth Avenue and Saks Off 5th), Hudson's Bay Company (Hudson's Bay and Home Outfitters), and HBC Europe (HBC Netherlands and Galeria Holding, including Galeria Kaufhof, Galeria Inno, and Sportarena).

[49] Hollie Shaw, "How Richard Baker Engineered Hudson's Bay Co.'s Stunning Turnaround with a 'Leap of Faith' in Real Estate," *Financial Post*, June 20, 2015, https://financialpost.com/executive/management-hr/how-richard-baker-engineered-hudsons-bay-co-s-stunning-turnaround-with-a-leap-of-faith-in-real-estate.

[50] Hudson's Bay Company, "Hudson's Bay Company to Acquire Galeria Holding, Parent of Kaufhof, #1 Department Store in Germany," Hudson's Bay Company, press release, June 15, 2015, http://www3.hbc.com/press-release-container/hudsons-bay-company-to-acquire-galeria-holding-parent-of-kaufhof-1-department-store-in-germany/. HBC Europe is the moniker for all HBCC operations throughout Europe. The deal was valued at €2.420 billion. At the time of the acquisition, Galeria Kaufhof department stores were the number one "German department store by market share."

including one hundred and three Galeria Kaufhof department stores, sixteen Sportarena stores, and sixteen Belgian department stores called Galeria Inno.[51] In a press release announcing the acquisition, Baker said that the transaction proved the HBCC "growth formula in action: improving solid retail operations, unlocking the value of real estate and growing through acquisitions."[52]

Retailing endeavours in Germany and Belgium were not successful. Plans to modernize, but "not to Americanize" Galeria Kaufhof or Galeria Inno were plagued by commercial difficulties and a challenging German consumer market that had previously chewed up and spit out numerous American retailers, like Sears, Roebuck and Co., and J.C. Penney, throughout the late-1900s.[53] Sales weakened in 2016. The stores reported losses of €360 million for the financial year.[54] By 2017, credit insurance company, Euler Hermes, had lost confidence in the German and Belgian endeavours and announced a credit cut of 80% for the stores' suppliers and vendors, which restricted the flow of goods to the department stores.[55] Galeria Kaufhof, meanwhile, was outperformed by its main department store rival, Karstadt.[56] After less than five years in operation,

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[51] Hudson's Bay Company, "Hudson's Bay Company to Acquire Galeria Holding;" Walter Loeb, "Hudson's Bay Company Is Challenged in Germany," *Forbes*, February 23, 2016, https://www.forbes.com/sites/walterloeb/2016/02/23/hudsons-bay-company-is-challenged-in-germany/#77e3b802de2b. HBCC also planned to introduce Saks Off 5th to the German market, despite the German public's unfamiliarity with the Saks Fifth Avenue brand.
[52] Hudson's Bay Company, "Hudson's Bay Company to Acquire Galeria Holding."
[53] Loeb, "Hudson's Bay Company Is Challenged in Germany."
[54] Timot Szent-Ivanyi, "Galeria Kaufhof: Krisengeplagter Mutterkonzern trennt sich von Chef (Crisis-Ridden Parent Company Splits from Boss)," *Berliner Zeitung*, October 22, 2017, https://www.berliner-zeitung.de/wirtschaft-verantwortung/galeria-kaufhof-krisengeplagter-mutterkonzern-trennt-sich-von-chef-li.60158.
[55] Walter Loeb, "What is the Disturbing News at Hudson's Bay Company German Division?" *Forbes*, July 28, 2017, https://www.forbes.com/sites/walterloeb/2017/07/28/what-is-the-crisis-at-hudsons-bay-company-german-division/#8c0f8f444cd6; Michael Kläsgen, "Neuer Ärger für Kaufhof: S.Oliver will früher Geld (New Trouble for Kaufhof: S. Oliver Wants Money Sooner)," *Süddeutsche Zeitung*, September 8, 2017, https://www.sueddeutsche.de/wirtschaft/galeria-kaufhof-auf-nummer-sicher-1.3658331 (accessed August 24, 2020).
[56] Loeb, "What is the Disturbing News at Hudson's Bay Company German Division?"

HBCC sold its German and Belgian department store operations to Karstadt in 2018 for $616 million.[57]

On May 17, 2016—less than a year after HBCC acquired Galeria Holding—HBC Europe announced its plans to expand its portfolio into the Netherlands. This venture would concern the opening and operating of Hudson's Bay banner department stores and the introduction of Saks Off 5th stores to the Dutch market.[58] A press release marking the announcement emphasised that HBN would "leverage HBC Europe's existing infrastructure" and strengthen HBCC's European endeavours.[59] The HBCC's initial plan for HBN was to open twenty Hudson's Bay stores over a twenty-four-month period, occupying much of the vacant real estate left by Dutch department store Vroom & Dreesmann, colloquially V&D, after its bankruptcy in 2015.[60]

The first HBN store opened in Amsterdam on September 7, 2017, and officially became the first Hudson's Bay department store outside Canada.[61] The grand opening included the stores' staff cycling towards the store's entrance to greet a crowd of four hundred waiting guests and engaging in an "HBC-striped ribbon cutting ceremony."[62] On opening day, HBN executives

[57] David Paddon, "HBC Focused on North American Growth with European Sell-Off, says CEO," *The Hamilton Spectator*, September 12, 2018, https://www.thespec.com/business/2018/09/12/hbc-focused-on-north-american-growth-with-european-sell-off-says-ceo.html; "Über Galeria (About Galeria)," Galeria Karstadt Kaufhof, accessed August 24, 2020, https://www.galeria.de/s/Galeria/ueber-uns.html. Galeria Kaufhof and Karstadt merged in 2019, forming German department store group Galeria Karstadt Kaufhof.

[58] Hudson's Bay Company, "Hudson's Bay Company Announced First Four Stores Locations in the Netherlands," Hudson's Bay Company, press release, May 25, 2016, https://www3.hbc.com/press-release-container/hudsons-bay-company-announces-first-four-store-locations-in-the-netherlands/. Saks Off 5th is an off-price department store chain and a subsidiary of Saks Fifth Avenue.

[59] Hudson's Bay Company, "Hudson's Bay Company Announced First Four Stores Locations in the Netherlands."

[60] Walter Loeb, "9 New Initiatives At Hudson's Bay First Store in Amsterdam," *Forbes*, September 20, 2017, https://www.forbes.com/sites/walterloeb/2017/09/20/9-new-initiatives-at-hudsons-bay-first-store-in-amsterdam/#538998145fa4.

[61] Hudson's Bay Company, "Hudson's Bay Brings a New Shopping Experience to the Netherlands," Hudson's Bay Company, press release, September 4, 2017, https://www3.hbc.com/press-release-container/hudsons-bay-brings-a-new-shopping-experience-to-the-netherlands/.

[62] Loeb, "9 New Initiatives At Hudson's Bay First Store in Amsterdam;" Liz Brown, "HBC Opens Flagship Store in the Netherlands," *Kelowna News*, September 7, 2017, https://www.kelownanow.com/watercooler/money/news/Business/HBC_opens_flagship_store_in_the_Netherlands/.

reported that twenty-one thousand people passed through the 190,000 square foot Amsterdam store.[63]

Aesthetically, the HBN stores bore little resemblance to their Canadian counterparts. The newness of the venture and the lack of historic suburbanization meant that each of the Dutch stores had an architectural uniqueness and did not follow a standardized formula, common in the many outdated Hudson's Bay stores in Canadian suburbs. To attain the desired architectural look for the Dutch stores, HBN worked with international architecture firm, CallisonRTKL. The firm renovated and rejuvenated "some classic period buildings" throughout the Netherlands, buildings that spoke to Dutch culture and maintained a sense of Dutch identity in the design landscape. At the same time, it updated interiors with a modern, fashionable image.[64] CallisonRTKL's design focused on "natural daylight and the street life" outside the store to influence the interior—using ninety percent of the stores' potential windows to ensure light access.[65] Designing with the Dutch public in mind was an attempt to use the local to HBN's advantage. Making the stores 'look Dutch' had a higher chance of resonating with the public than a 'Canadiana' design would.

HBN described the design concept for merchandise presentation and display as "innovative, pragmatic and super flexible to deliver an ever-changing landscape" for the stores' diverse products and services.[66] The stores' merchandise mix was tailored to Dutch consumers by

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[63] Loeb, "9 New Initiatives At Hudson's Bay First Store in Amsterdam."
[64] "Adding Multimedia Hudson's Bay Brings a New Shopping Experience to the Netherlands," *Business Wire*, September 5, 2017, https://www.businesswire.com/news/home/20170904005221/en/ADDING-MULTIMEDIA-Hudson%E2%80%99s-Bay-Brings-New-Shopping; "Hudson's Bay Company," CallisonRTKL, accessed August 25, 2020, https://www.callisonrtkl.com/projects/hudsons-bay-company/.
[65] "Adding Multimedia Hudson's Bay Brings a New Shopping Experience to the Netherlands;" "Warenhuizen (Department Stores)," Hudson's Bay Netherlands, accessed March 1, 2019, https://www.hudsonsbay.nl/nl-nl/stores. Stores ranged from three to nine storeys.
[66] "Adding Multimedia Hudson's Bay Brings a New Shopping Experience to the Netherlands;" "Warenhuizen (Department Stores)," Hudson's Bay Netherlands, accessed March 1, 2019, https://www.hudsonsbay.nl/nl-nl/stores. While services in HBN were still minimal compared to other international department stores, there were a variety of services offered. They included restaurants, Click & Collect, tailoring, charging stations, personal shoppers, home delivery, in-store demonstrations, hands-free shopping, free Wi-Fi access, watch repair, hair salons, beauty salons, and grooming bars. See Chapter 7 for more on department store services.

blending "national and international premium brands, mid-market brands and emerging brands," one hundred of which would be Dutch.[67] Also, the stores would accommodate local and seasonal influences in their product ranges. Initially, the attempt to blend the global and local via goods assortment was a positive step for the internationalization attempt. It also encouraged uniformity in merchandise selection between stores.[68] The stores featured concessionaires from high-end brands and had a concept space—STUDIOS—for new products, brands, and HBN collaborations with up-and-coming talent. Stores also featured a heritage shop, called Limited's, that sold Hudson's Bay's iconic striped merchandise.[69]

The HBN fleet never reached the HBCC's desired goal of twenty stores.[70] Five months after the Amsterdam opening, in February 2018, there were twelve Hudson's Bay department stores throughout the Netherlands with three more on the way; however, public interest had rapidly declined after the initial burst of promotional enthusiasm in Amsterdam. Brand awareness for Hudson's Bay had originally been high in the first few months. Retail Intelligence Lab, a European retail report company, noted that "after the [Hudson's Bay's] launch, three out of four Dutch customers had heard" of the brand and "one in five had visited one of the locations."[71] Yet, recognition had little to do with company promotion. The retail gap, physically and psychologically, left in the Dutch market after V&D's closure made consumers primarily aware

[67] Hudson's Bay Company, "Hudson's Bay Brings a New Shopping Experience to the Netherlands."
[68] Loeb, "9 New Initiatives At Hudson's Bay First Store in Amsterdam."
[69] Ibid.
[70] "Warenhuizen," Hudson's Bay Netherlands. The fifteen stores were located in Almere, Amersfoort, Amsterdam, Amstelveen, Breda, Den Bosch, Den Hague, Enschede, Haarlem, Leiden, Maastricht, Rotterdam, Tilburg, Utrecht, and Zwolle.
[71] Francine Kopun, "HBC's Dutch Stores Too Pricey for Many Consumers," *Toronto Star*, February 26, 2018, https://www.thestar.com/business/2018/02/26/hbcs-dutch-stores-too-pricey-for-many-consumers-report.html.

of the business that would occupy former V&D storefronts.[72] Once that curiosity wore off, it left the company "with little control of what they [wanted] to communicate" to Dutch customers.[73]

Retail Intelligence Lab reported that Dutch consumers did not connect to or "become passionate" about the brand because the stores were too expensive. The Dutch branches faced competition from long-established, high-end department store chain De Bijenkorf and fast-fashion retailers H&M and Primark. These established retailers satisfied the high and low end of the shopping spectrum, respectively.[74] Ideally, HBN would exist in the intersection between a high-end store and a fast-fashion retailer. However, being too middle-of-the-road was not a good retail image. For return business, retailers had to offer something extraordinarily different, a luxury appeal or a discount. Failing to readjust price points on merchandise and failing to understand the local market revealed a lack of culturally attuned market planning. Investing in the local required a greater infiltration of the consumer public than aesthetics and merchandise selection alone. It required an understanding of cultural norms on a socio-economic level so management can understand every aspect of a potential customer's life and why they choose to frequent certain stores. Tiffany Bourré, a spokesperson for HBCC in 2017, reassured shareholders and the public that the HBCC was "pleased with [their] opening in the Netherlands" at that point, that HBN would continue to listen to consumer feedback about products and price points and that the company was "committed to the Dutch market for the long term."[75] By February 2019, the company had scrapped its twenty department store plan.[76]

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[72] Kopun, "HBC's Dutch Stores Too Pricey for Many Consumers."
[73] Ibid.
[74] Ibid.
[75] Ibid.
[76] "Hudson's Bay to Close Saks Off Fifth Stores in the Netherlands," *DutchNews.nl*, April 18, 2019, https://www.dutchnews.nl/news/2019/04/hudsons-bay-to-close-saks-off-fifth-stores-in-the-netherlands/.

By the end of 2018, *De Telegraaf* reported that the HBCC had an £80 million loss for HBN. The Dutch market was soft with more sellers than buyers, while some consumers were experiencing a household budget pinch arising from altered mortgage financing rules and an increase in the sales tax.[77] Management had not repositioned HBN to satisfy a middle-income bracket and continued to operate in a high position with a small footprint. HBN's locations complicated this since occupying old V&D properties put them in geographic spots that directedly competed with De Bijenkorf—a store too established to be forgotten in favour of HBN.[78] Real estate in the Netherlands continued to be costly for the HBCC as long-term lease agreements—often ten years—amounted to "annual rent of around [£75 million]."[79]

In September 2019, HBCC announced that it was closing the remaining fifteen HBN stores by the end of the year. HBN declared bankruptcy on December 31, 2019.[80] At the time, HBN had a debt of £86 million and "a deficit of nearly £74 million."[81] The closure marked the end of HBCC's European plans.

HBC European failure exemplified John Dawson's warnings about the challenges of extending into an international market. Moreover, the attention to the German and Dutch

[77] Jennifer Wells, "Eye-popping Losses, a Failed European Expansion and a Bid to Go Private – Can Hudson's Bay Survive?" *Toronto Star*, October 26, 2019, https://www.thestar.com/business/opinion/2019/10/26/eye-popping-losses-a-failed-european-expansion-and-a-bid-to-go-private-can-hudsons-bay-survive.html.
[78] Wells, "Eye-popping Losses."
[79] Janene Pieters, "Hudson's Bay Might Stay in the Netherlands Despite Heavy Losses," *NL Times*, September 13, 2019, https://nltimes.nl/2019/09/13/hudsons-bay-might-stay-netherlands-despite-heavy-losses.
[80] The Canadian Press, "Hudson's Bay Co. Closing Its 15 Hudson's Bay Stores in the Netherlands," *Toronto Star*, September 20, 2019, https://www.thestar.com/business/2019/09/20/hudsons-bay-co-closing-its-15-hudsons-bay-stores-in-the-netherlands.html; "Hudson's Bay Heeft Nog 1100 Schuldeisers (Hudson's Bay Still Has 1,100 Creditors)," *De Telegraaf*, February 3, 2020, https://www.telegraaf.nl/financieel/1350122450/hudson-s-bay-heeft-nog-1100-schuldeisers.
[81] "Hudson's Bay Heeft Nog 1100 Schuldeisers (Hudson's Bay Still Has 1,100 Creditors);" Koen Voskuil, "Hudson's Bay Sprong In Een Gat Dat Er Niet Was (Hudson's Bay Jumped into a Hole that Wasn't There)," *De Twentsche Courant Tubantia*, September 2, 2019, https://advance-lexis-com.libaccess.lib.mcmaster.ca/api/document?collection=news&id=urn:contentItem:5WYD-RMN1-JC8X-64C1-00000-00&context=1516831; "CNV: Hudson's Bay Dicht in Nederland (CNV: Hudson's Bay Closes in the Netherlands)," *De Telegraaf*, August 31, 2019, https://www.telegraaf.nl/financieel/2095989580/cnv-hudson-s-bay-dicht-in-nederland. Negotiations over investments in property leases and union contracts surrounded the stores' closures and complicated the company's exit from the Netherlands.

operations and efforts to save them may have made it more difficult for executives to address the problems in HBC's domestic markets. This 'distracted focus' and lack of prolonged dedication to new enterprises were defining traits of the 2008 to 2020 period.

Like M&A, internationalization is hazardous, and especially so when attempted as a way to increase a store's retail position without careful research. Fundamentally, internationalized retailers make the majority of their money in domestic markets.[82] What is more, firms with insecure home markets, especially in the department store industry, are not well-suited to embark on something that requires a great deal of attention and awareness of cultures and market positioning. Hudson's Bay stores were unstable in the Canadian marketplace. Trying to open stores in a different market does not change that fact. Fast-fashion retailers and online retailing beat out the department store for preference amongst millennials—the target market with the most purchasing power.

The overseas ventures hold lessons for the HBC. If Hudson's Bay is meant to be 'Canadian' and represent 'Canada's historical past,' its leaders should commit to the idea. If, as the European investments show, the company was not fully making use of its heritage, its executives need to let go of the HBC's past retailing success. In doing so, executives need to let go of Hudson's Bay's past retailing 'success,' the legacy of it having once been a successful department store, and focus on the avenues that have the potential to build a creative, functioning, and profitable company. If left in its current state, the HBCC's department store chains will face bankruptcy. It is only a matter of time.

[82] McGoldrick and Ho, "International Positioning," 61.

CONCLUSION
Will the Adventure Come to a Close? The Future of the Department Store and Hudson's Bay

As with any major form of enterprise, the department store sector in retailing offers lessons from a history of origins, innovations, management practices, successes, trials, and failures. Studying this global, durable, but recently embattled retail showcase could allow other retailers to understand better the arts of presenting consumer goods. This thesis has assessed the value of department stores as institutions of managerial knowledge. Department store leaders used management techniques to instigate control and, hopefully, achieve profitable results from every feature of an appealing store design and every feature of an efficient store function. The records leave an impression of management intensity. This did not translate into unerring good judgement. It did, however, expose the thoughts of individuals who gave serious attention to consumption per se, to consumption's possibilities as a cultural experience, to competition, to changing tastes, and to productivity gains. The HBC's managerial protocols and systems revealed the tactics for addressing store realities. This one enterprise's experience is more than a company history, more than a nation-specific model of retailing. Much of what went on behind the scenes was universal, at least for department stores in affluent locals around the world. The HBC experience contributes to a full and accurate understanding of the department store as a phenomenon and, thus, of an era of increasing consumer expenditures. Although how retailers reacted to and cultivated opportunities were specific to the times, it would be a shame to conclude without drawing some lessons for the present, not with expectations of restoring the department store to its glory years but of recovering retailing as an experience that involves merchants and consumers in something more than an exchange or virtual experience. From this case study, five core assets of department store management emerged.

First, the department store quickly secured a clear image in the public consciousness. Increased industrialization and urban living shifted the social dynamic between classes. This enabled consumer society with increased expendable income to cultivate a taste for nonessential or upgraded goods. Department store leaders created an environment of freedom in two ways: 1) by endorsing that stores were, supposedly, physically accessible to all; and 2) by perpetuating the concept that stores could satisfy infinite consumer wants with aisles and floors of 'exotic' consumer goods, thus, removing multi-store hassle from the shopping experience. This positioned the stores as the retailing center for society's changing preferences and allowed them to create a sense of alignment with modern convenience and congenial diversions.

The harmony of buying while enjoying this outing was furthered through stores' alignments with cultural or social narratives that incorporated nation or family. These ideologies already influenced consumers, and store leaders recognized the value of applying them to a store or corporations' presentation. Consumers were more willing to engage with stores that represented their ideologies and way of life. Thus, consumers unwittingly aided in propagating society's dominant narratives by shopping, even if doing so encouraged the erasure of voices or ideas that countered the majority mentality. For instance, HBC blended its history with the founding of Canada from an English-Canadian perspective. This erased other groups' roles in its history and restricted their appearance in the company's subsequent promotions and advertisements, giving consumers one company-approved history. It is an ideological component to consumerism where the business consciously or unconsciously affects the public perception of the large social narrative it uses.

Second, a department store needed diverse organizational structures to sustain its enterprise, but these systems did not guarantee profitability. In regards to store personnel, departmentalization created the structure of these stores' managerial and operational leadership but often caused a company's lines of authority to become convoluted. Department store managers handled and curated goods in quantities that were initially larger than other retail competitors. Consequently, they had to supervise substantial inventories. Product departmentalization streamlined goods into a sorting method that allowed employees and customers to locate merchandise efficiently in large spaces. Yet, assortment choices were vulnerable to shifts in consumer preference and demand—meaning profits could deteriorate if trends were not tracked. The department store's high sales volume and low markup strategy lost its originality when discounters and e-retailing became prominent in the retail marketplace.

Third, department store management manipulated physical space to influence consumer buying habits, outside and inside the store's environment. Externally, department stores served as focal points to growing urban centres and occupied lots that allowed for the greatest customer accessibility. Managers aligned their stores with points of population movement, such as bus stations and subway lines, to increase the number of visitors. Even if people did not enter the store, 'physically surrounding them' with reminders of the store in these high transportation areas increased customer familiarity and exposure to a company. Therefore, store leaders wanted to influence customers into choosing their store long before a potential customer visited. This is why department store closures in urban and suburban landscapes leave noticeable scars, nostalgically—since the markers of these stores are gone—and physically, via large pockets of vacant real estate that are not easily repurposed.

Internally, stores had an element of 'magic' and excitement created by technological innovation meant to draw in customers, keep them inside, and encourage them to buy. Store leaders and designers made architectural and interior design decisions to fashion an experience out of visiting a department store. While the primary function always remained to sell goods, customers could attend the store to escape mundaneness, making it more likely that they would want to return—and buy. This experience-shopping has its root in the department store model. Window displays and other store advertising mediums extended the ‘magic’ of the store to the sidewalk and outside world. These mediums used common cultural markers, like holidays, and technical aspects, such as colour and light theory, to trigger ‘happy’ and ‘wonderous’ connections in consumer minds.

Store layouts, planned by floor and department, steered customers into contact with the goods that managers knew sold well or favoured impulse buying. The spaces provided sightlines and pathways that optimized sales potential. As the new millennium’s retail landscape becomes more impersonal and bland, some department store leaders have held onto the old idea that maintaining visual and environmental uniqueness can still guide consumers to places selected by management. Employee-customer sales techniques, like targeted language, were similarly developed to influence purchasing decisions and transform a possibly negative sales experience into a positive one.

Fourth, the department store’s history of retail dominance and endurance has contributed to complacency and the industry’s slow responses to potential competitors. Specialty stores and discounters posed a challenge to the department store format and cut into their market share. However, store leaders did not always view these potential challengers as ‘serious threats.’ Once store leaders recognized the threat, they tried to hinder competitor growth. If this hindrance failed, management reacted by imitating rival management tactics. Yet, the copy-cat methods were too often ‘down-market,’ ‘unfashionable,’ or ‘unoriginal.’ Now, many department store leaders struggle to find a way to catch up with niche rivals and connect with customers who are culturally disconnected from a large-scale format.

Fifth, department stores are unlikely to profit or succeed long-term if their home market position is weak. Department store management used mergers and acquisitions to add company banners and expand into conglomerates; yet, conglomerates can dilute a store's unique characteristics, thus weakening the public's perception of the involved parties. While a struggling store may attempt to establish an international presence, it does not increase its odds of success. Instead, problems in the home market can increase while management's focus is elsewhere. A company's brand is strongest in its home market. Foreign markets possess diverse social, cultural, and political nuances that cannot be overlooked.

Through studying these management techniques, other business leaders may be able to avoid some pitfalls that the department store experienced. They may also repurpose its tactics and implement them in new ways to make use of this retail model's extensive consumer knowledge. Whether the department store continues as a retail format or not, its history is packed with suggestions and warnings for retailers. What remains to be asked is if the department store industry has the stamina to continue in the modern retail landscape and, if it does, will its current incarnation be worth preserving for consumers? To find those answers, one must dispense with nostalgia. Fond reminiscences do not keep businesses in business, profit margins do. While this thesis has discussed many department stores from around the world and tracked similarities, it is important to recall that each locale experiences retail changes at different times. Therefore, to address these final questions, this discussion returns to department stores in Canada.

Global retailing trends highlight the importance of e-retailing or integrating technology into brick-and-mortar stores, using personalization to provide the 'wow' factor for consumers, and experiential shopping as crucial to attracting today's consumers. Investing in these trends is a steppingstone for relevancy in the marketplace. The necessary investment requires substantial capital. On the one hand, some department stores may not have the financial capabilities. On the other hand, leaders of stores with the capital may not be willing to invest if they fear these changes could alienate older loyal customers with strong nostalgic connections.

As this thesis has shown, new retailing trends are not unprecedented. Early store innovators made the department store into a centre-city fixture and a wonder for shoppers. Technological innovations, including electric lighting, elevators, escalators, and air conditioning were fundamental to department store developments; stores thrived on making customers feel 'treated' through first class service. A trip to the department store was meant to be an experience that made other stores pale in comparison. While much has changed, the desirability of an experience shows in the occasional re-emergence of something from the department store's past. For the department store, the key to durability may be presenting those attributes in a modern way. Some stores have begun to do so.

Throughout Ontario, Quebec, Alberta, and British Columbia, management at La Maison Simons has invested in environmental sustainability, a prominent cultural trend, in its brick-and-mortar design and corporate structure. Rooftop solar panels and solar parking canopies reduce greenhouse gas emissions, and installing electronic car stations and LED lighting cut energy consumption by forty percent.[1] In the mid-2000s, the company incorporated recycled and organic materials into apparel bearing its labels.[2] La Maison Simons' leaders emphasized water conservation, natural dyes, reusability, low-impact processing, and biodegradability as corporate

[1] Craig Patterson, "A Family Affair: A Long History of Pride and Care Reflected in the Operations of One of Canada's Longest Serving Retailers," *Canadian Retailer* 27, no. 4 (2017): 18-19.
[2] "Our Environmental Pillar," Simons, accessed September 16, 2020, https://www.simons.ca/en/vision/our-environmental-values--v0024.

qualities that anchor its brand. The company's e-commerce presence even allows customers to search for goods via various sustainability filters like those listed.[3] This is a steppingstone towards becoming a more socially relevant and socially conscious brand.

Likewise, Holt Renfrew executives endeavoured to revamp Holt Renfrew Ogilvy, its notable downtown Montreal location, emphasizing luxury and experience. The redesigned six-storey store imitates the old-fashioned indulgence of department stores still found in large-scale flagships throughout Europe and Asia. The redesign focused on restoring the heritage of the Ogilvy building while incorporating dramatic architecture to anchor high-end shopping in the surrounding area.[4] The 250,000 ft^2 floorplan accommodates Tiffany & Co., Gucci, and Prada with their own personal shopping suites. As in the peak years, there is a restaurant and a music hall first built in 1928 and restored now as Tudor Hall, an event space.[5] Store leaders hoped that this revitalization would "become an attraction for a new generation of shoppers" and boasted in 2019 that the location had become one of the "finest multi-brand luxury stores in the world."[6]

Store leadership that can update their buildings and integrate boutique shopping may be able to preserve some of the department store's essence. It is unclear how many stores can come close to refurbishing their images and facilities. Consumers weary of online shopping could be open to personal attention and a special environment; consumers will have to care whether a store closes.

Hudson's Bay management has been slow to upgrade and revitalize in comparison to management at La Maison Simons and Holt Renfrew despite being the largest chain of the three.

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[3] "Vision," Simons, accessed September 16, 2020, https://www.simons.ca/en/vision--vision.
[4] Craig Patterson, "Regional Focus: Downtown Montreal Seeing Incredible Retail Boom," *Canadian Retailer* 29, no. 6 (2019): 73.
[5] Patterson, "Regional Focus," 72-73; "The New Holt Renfrew Ogilvy," Holt Renfrew, accessed September 16, 2020, https://www.holtrenfrew.com/en/the-new-holt-renfrew-ogilvy.
[6] Patterson, "Regional Focus," 72-73.

Many Hudson's Bay suburban locations need to be renovated or abandoned. Some are ill-paced in dying shopping malls. The company would be wise to investigate consumer trends carefully and demonstrate boldness, most sensibly in a few prime locations. It is not suggested that these adaptions will guarantee survival, but no action will surely be fatal.

The Hudson's Bay Company's greatest strength throughout its three hundred and fifty years has been its ability to transform. Only now, following a series of corporate missteps, has the company's transformational power slowed to the point where its reluctance to adapt, its lack of commitment to change, or its caution has weakened its chances of survival. Unless the company carves out a completely new business path, which is currently unlikely, its final 'adventure' is about to end.

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