

JOHN WANAMAKER: THE KING OF RETAIL

Dennis L. Peterson

Imagine a store that not only provides a variety of quality products and efficient service but also offers employees a bank, a school, a library, and gymnasium, and medical care.

Is this a modern business experimenting with new ideas to retain employees? No, it was a late nineteenth- to early twentieth-century business that was far ahead of its time: John Wanamaker's Philadelphia, Pennsylvania, department store.

A Business Revolutionary

People conducted business a little differently then than they do today. Retail stores usually specialized in only one or two types of products and had no set business hours. Clerks received no formal training. Clerks and customers haggled over the price of everything. Identical items might have several different prices. People expected merchants to try to cheat them. Merchants made customers feel inferior; shopping was seldom pleasurable. A dissatisfied customer could not return a product for refund or exchange. The business motto was *caveat emptor*: "Let the buyer beware."

John Wanamaker changed all of that—and more. He instituted set hours and stayed until the last customer was served. He hired only the best staff and then trained them extensively in customer service. He marked prices clearly, and identical items had one price, eliminating haggling. His customers felt important; shopping was a pleasure. If a customer was dissatisfied for any reason and could show his receipt, Wanamaker guaranteed a cash refund.

Wanamaker went even further. His store was the first to have electricity, telephones, elevators, and telegraph service. He pioneered home delivery and telephone ordering. He introduced the use of pneumatic tubes whereby clerks in the various departments could send cash and receive change quickly. He offered the best products; when he couldn't do so, he hired craftsmen or built factories to make them himself. He conducted special sales. He even built a restaurant inside his store. And he advertised aggressively. All of these were revolutionary innovations at the time.

He also introduced numerous benefits for his employees and their families, including vacations, pensions, bonuses, health care, life insurance, paid training, and extra pay for additional education. He scheduled public concerts, authors' lectures, art and historical exhibits, and other forms of entertainment and education—all conducted inside his store during store hours. He even had the world's largest organ built and installed in his store.

In short, Wanamaker made work rewarding for his employees and shopping pleasurable for his customers. In return, they made him a business success.

A Visionary

Wanamaker, born on July 11, 1838, on the south side of Philadelphia, faced many obstacles that might have prevented him from succeeding in anything in life. He was a sickly child. He dropped out of school at fourteen to work for \$1.25 a week as an errand boy for a local publisher. But he was determined to fulfill a dream to “rise in the world.” He soon quit that job to become a stock boy in a clothing store for \$2.50 a week. When he was eighteen, he became a salesman for Joseph Bennett, a pioneer in ready-to-wear clothing, and he impressed his boss and made rapid progress.

When Wanamaker was twenty-three, he and his brother-in-law, Nathan Brown, opened “Wanamaker and Brown” on the corner of Sixth and Market Streets in Philadelphia. There he developed an uncanny ability to foresee trends in business. One day, while walking toward the outskirts of the city, he concluded that the city's growth would be in that direction, so he bought the old Pennsylvania Railroad depot and planned to turn it into a new, larger store. People thought he was crazy. This was the forerunner of the modern mall.

He also could foresee the needs of the customers even before they realized they were needs. Based on that foresight, he introduced new products—and customers bought them eagerly. He opened offices in Europe so that he could bring customers the latest in European fashions. By 1872, he had the largest department store in the nation.

Wanamaker was always thinking ahead and trying to improve. When President Benjamin Harrison nominated him Postmaster General in 1899, he brought to that office the same thinking that had served him so well in business. He worked to improve mail delivery and bring innovation to the postal service. Two of his most successful innovations were Rural Free Delivery and parcel post service.

His Legacy

John Wanamaker's life has been summarized as follows: "tireless twenties, thrilling thirties, fiery forties, fearless fifties, serious sixties, sober seventies." He valued not only personal integrity but also time, and he made the most of both.

Wanamaker died of heart failure on December 12, 1922. Fifteen thousand people attended his funeral, and his pallbearers included the governor of Pennsylvania, the mayors of Philadelphia and New York, the Chief Justice of the U.S. Supreme Court, and Thomas Edison. He is buried in Fairmount Park in Philadelphia.

Wanamaker's life is proof that honesty, dedication, foresight, and hard work can produce business success. Perhaps he himself stated his life philosophy best:

The chief difference between man and man is not in birth, good looks, or opportunities. It is in what they do and the way they do it. A man with a purpose, who never stops following his star, makes his goal; and the other man, whose wishbone is where his backbone belongs, seldom fails to get anywhere but into the bed of indolence.