The Development of Modern Retailing

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‘Histories make men wise.’
Francis Bacon, ‘Of Studies’, Essays
(London: John Haviland, 1625)

2.1 Introduction

The purpose of this chapter is to trace the development of retailing from the seventeenth century to the present time. Following this development allows one to see the emergence of a distinct retailing function and to trace the growth of different forms of retailing such as the department store and multiple-shop organisations, the co-operative movement and the variety chain stores. It is on the basis of an understanding of the development of retailing in general and its different forms in particular that one can more fully understand the analysis of competition and strategy in this sector which are dealt with in Chapters 3 and 4 of this text.

2.2 Elizabethan Origins

The functions of retailing discussed in the previous chapter have always had to be carried out in any developed society. That expression ‘the carriage trade’, for example, referring to various accessories bought by the more wealthy classes, derives from Elizabethan times when, not to dirty their clothes on unpaved streets, such people bought at shops without leaving their carriages. In the London of the late sixteenth century ‘The way the coaches were allowed to block the streets was becoming daily more of a scandal. Two or three of them might cumber up the thoroughfare for half an hour, while
their fair owners bargained in the shops for earrings for themselves or collars for their pet dogs'.

It is in fact from Elizabethan times that we can trace the emergence of a distinct retail trade – a distinguishing of the retail distribution function from that of production. Prior to this time in the Middle Ages when consumption by a scattered population was largely limited for most to basic necessities, and when self-sufficiency in food and clothing was a major concern, there was no place for a separate retailing function on any scale. Suppliers of food and clothing sold their produce and wares directly to buyers in the local markets or at larger fairs. 'Middlemen might be unavoidable evils if goods had to be carried over a long distance, but otherwise they thrust an unwanted service between producer and consumer.'

By the reign of Elizabeth I (1595–1603) however, a separate retailing function was beginning to develop, at least in London and a few other large centres of population. A more geographically concentrated and wealthier population, combined with a greater range of goods available (including imports), justified a vertical disintegration of retailing from manufacture; and by the early years of the seventeenth century, in Mrs Davis’s view, ‘there is no doubt that shopkeeping, as distinct from random trading and the keeping of a miscellaneous warehouse, was becoming an important occupation’. This development began in London; but by the end of the eighteenth century it had spread across the country as standards of living generally rose and as newer centres of population emerged. By then the retail shop had become a normal part at least of the urban environment.

The advent of the industrial revolution at the beginning of the nineteenth century was not immediately accompanied by further developments in retailing. Jefferys, for example, writing of the contrast between the old and new production systems at this time, considered that ‘The wholesale and retail trades in Britain in the middle of the nineteenth century were examples of those trades that still bore the marks of the old system rather than of the new. . . . The distributive system as a whole still bore the marks of a pre-industrial economy’. It would seem as if, following the rapid changes in distribution which had begun two centuries before, retailing required a period of consolidation. It had certainly emerged as a function separate in many sectors from production; but older forms of distribution none the less remained. In the case of food (poultry, meat, eggs, fruit and vegetables) markets were still of prime importance, and ready-cooked foods such as sausages, pies and gingerbread were still sold in markets by those who made them. In clothing and footwear also there was for most people direct contact between the final consumer and the craftsman tailor and shoemaker. Here too one must bear in mind that much clothing, both underwear and outerwear, was still made at home. Pedlars also continued to form an important part of distribution, both wholesale and retail; and the products of the new textile mills were frequently sold around the countryside by Scotch