A Brief History of Retail in the US
19th Century

- US predominately rural, very sparsely populated compared with Europe
- Transportation difficult, dangerous, expensive
- Railroads made transportation much easier and cheaper, especially for goods
- Innovations in efficient transportation of people lagged (automobiles, paved roads, etc.)
Railroads in 19th Century and beyond
Automobile routes in 1907
• 1872: Aaron Montgomery Ward founded first mail-order house to use catalogs as its primary promotional tool
  – Located in railroad hub of Chicago
• 1875: US Postal Service introduced favorable rate for bulk mailings
• 1885: Bulk mailing rate lowered again
• 1893: Rival Richard Sears began offering a general merchandise catalog
  – Operations also in Chicago
  – Soon as large as 786 pages
Images are in the public domain.
Images are in the public domain. Courtesy of Sears, Roebuck & Co.
• 1890’s: USPS began rural free delivery, parcel post system (previously handled by private express companies)
  – Postmaster general was department store magnate
• 1907: United Parcel Service founded, focused on package delivery for stores
• Circa 1925: Golden age of mail order
  – Sears + MW sold over $400 m of goods annually
  – Sears’ sales alone accounted for over 2% of total farm cash income
• 1925: Sears opened first physical store
• 1931: Sears store sales eclipse catalog sales
• 1933: Sears had 400 stores
• 1900-1950: Two changes
  – Demographic shift towards urban living
  – Transportation costs for people falling relative to that for goods
• 1973: Federal Express began air shipments
• 1975: ICC granted UPS authority to ship to every address in contiguous 48 states
• 1993: Sears discontinued publishing big-book catalog
• Late 1990’s: Mail-order dominated by specialty retailers, not general merchandisers
• 1992: US Supreme Court decision solidifying the right of mail-order businesses to *not* collects and pay sales tax for out-of-state customers