

Quick, Timely Reads On the Waterfront

Bay Rat Holiday Shopping *Remembering Erie's 5 & 10 Cent Stores*

By David Frew
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Dr. David Frew, a prolific writer, author, and speaker grew up on Erie's lower west side as a proud "Bay Rat," joining neighborhood kids playing and marauding along the west bayfront. He has written for years about his beloved Presque Isle and his adventures on the Great Lakes. In this series, the JES Scholar-in-Residence takes note of life in and around the water.



Erie's first 5 & 10 cent store was opened by Frank Woolworth's cousin, Sylvester Knox, near Eighth and State streets in 1889 but went out of business in 1911 when newer and larger 5 & 10s came to town.

Bat Rats were thrifty. If we needed something we avoided Erie's high-end retailers and searched for low-priced establishments. After carefully saving pennies in

cigar boxes for months in preparation for the Christmas holidays we were strategic about shopping. And in Erie, thrifty shopping meant visits to the downtown 5 & 10 cent stores. There were four of them and a typical shopping trip began by scouting each with a shopping list to identify the best prices for every item. Erie's "big four" were Grant's, Kresge's, Murphy's, and Woolworth's stores, and they were all located within a tiny downtown radius.

Erie's 1950s thrift establishments were called 5 & 10 cent stores, a retail category that appeared during the late 1800s and spread rapidly across the country. In the "trade," these early discount stores were called variety stores, a designation that was interpreted as meaning that a customer should not expect to find absolutely everything that he or she wanted there, even in a particular category. Instead, the new 5 & 10 cent variety stores stocked an unpredictable "assortment" of inexpensive items and counted on volume for creating profit. Owners of the new 5 & 10 cent stores deferred to general stores, dry good stores, or category stores (including hardware stores and pharmacies) as places where customers could go if they needed an exact item.



Frank Woolworth (1852 to 1919).

The originator of the dime store concept is generally thought to have been Frank Woolworth (Woolworth Stores), who began in partnership with his cousin from Buffalo, Sylvester Knox. They opened their first store in Utica, New York, calling it a "5 Cent Store." The store failed, however, largely because the low price-products did not generate enough revenue. Moving to Lancaster, Pennsylvania in 1879, they changed the retail program, calling it a "5 & 10 cent" store. The newly doubled prices helped make the Lancaster store very profitable but also created a rift between partners. Knox did not think they should limit the store's stock to five or 10 cent items. He argued that the low price designation would attract customers but that once people were in the store they would be pleased to

purchase more expensive things. Woolworth disagreed.

Frank Woolworth's founding philosophy was that absolutely no item in the store should be priced in excess of 10 cents and he was able to create a viable profit margin by buying directly from manufacturers. Woolworth's cousin, Knox, decided to leave the business. He began his own chain of 5 & 10 cent stores, which also featured higher-priced merchandise. It was one of his stores that became Erie's first official 5 & 10 in 1889. At first, it seemed that the Knox stores would be a success as he rapidly added to his chain, accumulating more than 200 stores within a few years. Sadly for Knox, the passage of time proved Woolworth to be correct. As Woolworth's stores flourished, Knox's stores failed. Industry observers speculated that Knox opened too many small stores too quickly as opposed to Woolworth, who opened stores more slowly early on and made each of his new stores much larger than individual Knox stores. Woolworth also remained faithful to maximum product prices. In fact, he created a corporate rule that the maximum price could only be altered once per year at the annual board meeting, a rule that continued beyond his death until the end of the Great Depression in the 1930s. By the early 1900s, there were more than 600 Woolworth stores and, in 1913, Woolworth punctuated his retail success by building New York City's tallest skyscraper to house his headquarters.



The 1913 Woolworth Building in New York was the tallest building in the world at the time.

Success invited competition in the new variety retail industry and, in 1897, one of Woolworth's most important wholesale suppliers followed him into the business. S.A. Kresge was born in eastern Pennsylvania and graduated from Eastman Business College, where he was sent on an internship to work in an early variety

store in Memphis, Tennessee. After a two-year stint in Memphis, he became a manufacturer's agent and a Woolworth supplier. Leveraging his skills as a supplier, he bought his way into the Memphis store and became a partner. Kresge knew exactly how to find and deal with the low-priced providers that Woolworth had been using and he used those skills to make the Memphis store enormously profitable. Then he took his profits from Memphis and bought a store in Detroit. Kresge's chain grew rapidly, becoming the second-largest chain of 5 & 10 cent stores.

Woolworth originally argued that the very best locations for his 5 & 10 cent stores were the medium-sized cities in Pennsylvania and upstate New York. His affinity for New York and Pennsylvania was connected to his place of birth just east of Lake Ontario and, given the scant development of cities west of the Mississippi, that strategy seemed logical. He did not think that the concept would work in large metropolitan areas like New York City or Chicago. Woolworth also began by limiting its geographic footprint to help in administrating its fast-growing network of stores. By ignoring the South, and the Midwest, Woolworth created a geographic opportunity for Kresge, who was soon to become his major competitor. Kresge also jumpstarted his business by opening stores in larger towns than the ones that Woolworth had originally targeted. Eventually, Woolworth could see that Kresge's big-city locations were working and he followed, opening stores in New York City and other large metropolitan areas.



Erie's Dime Store Row is shown in this colorized 1950s postcard, with Woolworth, Kresge, and Murphy stores within a block of each other in a row.



Erie's Peach Street W.T. Grant Store opened in 1954.

The 5 & 10 cent store phenomena swept into Erie during the 1920s. The post-World War I economy encouraged each State Street's three stores (Woolworth, Kresge, and Murphy) to build large, attractive buildings. And amazingly, despite the Great Depression of the 1930s descending upon the local economy, the 5 & 10s continued to do reasonably well, compared to other businesses. Their low-priced products were a gift to Depression-era customers. While Woolworth and Kresge were first in the industry, G.C. Murphy soon followed. Murphy's opened on State Street a few decades after its 1906 founding in McKeesport, Pennsylvania (near Pittsburgh). W.T. Grant, which was founded in 1906 in Massachusetts, became a fourth major competitor. Erie's Grant store began on State Street in a building that was too small but moved, clearing land on Peach Street where it built the biggest of four local physical facilities. Its 1954 Peach Street store was the largest in Grant's 500-store chain. A relatively late entry, Grant's branded itself as a 25-cent store.

During the post-World War II years, Woolworth and Kresge maintained their focus on low-priced merchandise, while Grant and Murphy stores developed niches to help them compete. Erie's Murphy Store became known for its low-priced lunch counter, which featured sandwiches, soups, and other comfort foods. Grant stores created strategic partnerships in the music industry, which was booming at the time. It developed one profitable niche in the record industry by partnering with Capitol Records, and a second in stereo equipment. W.T. Grant negotiated with stereo manufacturers to sell a proprietary line of discount sound equipment. Its store brand was named "Bradford" for the Pennsylvania city where W.T. Grant was born.

Erie's 5 & 10 cent stores continued during the 1960s but eventually fell victim to urban sprawl and the growth of shopping malls. Kresgemade a strategic shift by rebranding itself as K-Mart and finally Big-K. It lasted the longest of the original "big four," filing for bankruptcy in 2002 and then merging with Sears. Woolworth gave up in 1997 and Grant's in 1976. Grant's made the strategic error of insisting on remaining in core downtown areas. Murphy's continued until 2002, although in 1985 it was taken over by another retail chain. The bones of Erie's original 5 & 10 cent stores are still visible downtown. The old Woolworth building is clearly identifiable, as is the former Murphy building. Kresge's has been repurposed as a glass-clad, Gannon University building. The former Grant store has become a

social service agency.

In 1970, when I returned to Erie to teach at Gannon, we purchased a home and paid a bit more than we could afford. We were pinching pennies, but we wanted a nice place for our three small children; a family home where we could have Christmas celebrations. That December, we bought a Christmas tree and decorated it but it was missing a manger scene. One day I wandered downtown from my Gannon office to hunt for the manger scene that would help our three tiny kids understand the meaning of the holiday. As I headed up State Street, old bay-rat instincts kicked in and I found myself at the Woolworth store, which had an entire holiday aisle. And there, to my surprise, was a wonderful, colorful display of individual manger-scene figures priced at 69 cents each. Frank Woolworth's pricing policies were alive and well. Emptying my pockets, I gathered enough cash (pre-charge card days) to buy 10 and selected baby Jesus, his crib, Mary, Joseph, and the three Wise Men. Unlike the "look but don't touch" manger people of my youth who were made of delicate china, Woolworth figures were made of rubbery plastic. Perfect for little kids to touch and move around. The next day I returned with more cash and purchased shepherds, sheep, angels, cows, pigs, donkeys, and other figures.

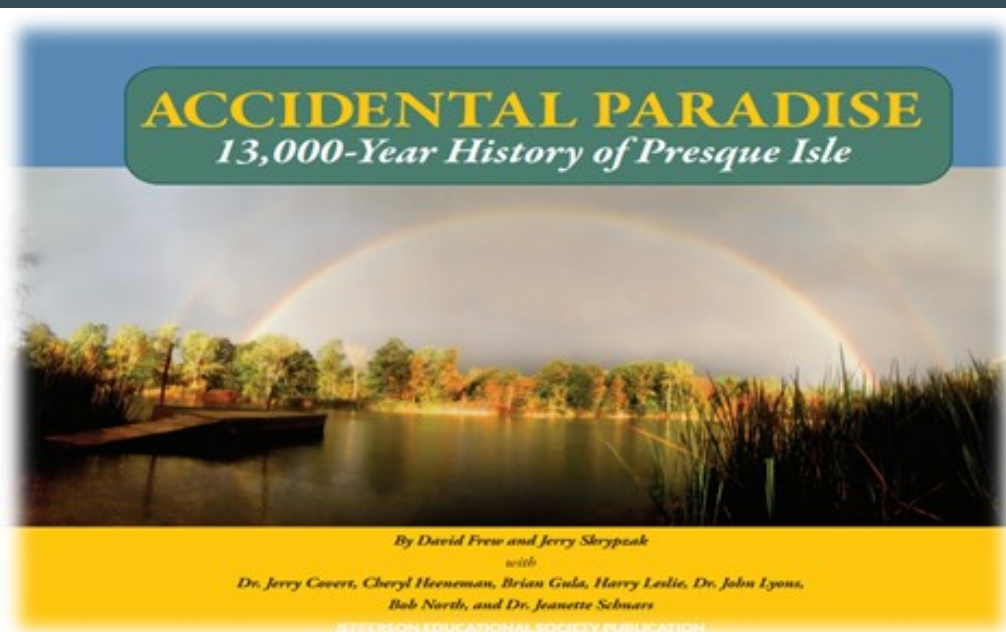


*Our family manger scene (baby Jesus does not arrive until Christmas morning).
Thank you, Mr. Woolworth.*

Our beloved Woolworth manger figures have been a part of family Christmases for 50 years. For all of that time, they have been an enormous joy to the children, grandchildren, and great-grandchildren who have enjoyed moving the figures around to "improve" upon their placements. Granted, they may be less aesthetically valuable than some high-end, porcelain figurines, but they are a part of our family, having touched and been touched by generations of children.

Accidental Paradise Available at TREC

Accidental Paradise
by Dr. David Frew and Jerry Skrypzak



The beautiful book on Presque Isle recently published by authors David Frew and Jerry Skrypzak – “**Accidental Paradise: 13,000-Year History of Presque Isle**” – is on sale at the Tom Ridge Environmental Center’s gift shop and through a special website, AccidentalParadise.com.

The book, priced at **\$35 plus tax and shipping**, can be ordered now through the website sponsored by the TREC Foundation, AccidentalParadise.com.

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For more information, send an email to aperino@TREC.org.

To watch "Accidental Paradise: Stories Behind The Stories" click [here](#).

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Historian and author David Frew, Ph.D., is a Scholar-in-Residence at the JES. An emeritus professor at Gannon University, he held a variety of administrative positions during a 33-year career. He is also emeritus director of the Erie County

Historical Society/Hagen History Center and is president of his own management consulting business. Frew has written or co-written 35 books and more than 100 articles, cases, and papers.



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