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# Before Wal-Mart, There Was A.& P.

By NANCY F. KOEHN

THIS is the story of a retailer that because of its sheer size could command volume discounts from its suppliers — and pass along the savings to customers. In the process, many mom-and-pop stores, unable to match its prices, went out of business.

Sound familiar? But this is not the story of Wal-Mart Stores. Rather, it is the story of a company that preceded it by about a century: the A.& P. grocery chain.

In “[The Great A.&P. and the Struggle for Small Business in America](#)” (Hill & Wang, \$27.95), Marc Levinson tells of A.& P.’s expansion and the powerful backlash it engendered in a way that draws unmistakable parallels to the retail battles of today.

The rise of mass retailing is one of the most fascinating aspects of American business history. Beginning in the 19th century, the railroad and the telegraph helped create the means for products to be sold on a much larger scale.

Mr. Levinson, a senior fellow at the [Council on Foreign Relations](#), describes how A.& P. expertly exploited these developments. But its success contributed to a clamor of anti-chain sentiment that dogged the company for decades and culminated in a 1946 antitrust ruling against it.

“A.& P. was at the center of a bitter political struggle that lasted for nearly half a century — a struggle that went far beyond economics,” he writes. “At its root were competing visions of society.”

One vision favored the rationalism of big business, with its cost-cutting and wealth-creation possibilities. The other vision “harked back to a society of autonomous farmers, craftsmen and merchants in which personal independence was the source of individual opportunity and collective prosperity.”

Today, more than 60 years after the government ruled against A.& P.’s size and market power, we remain caught between these contrasting archetypes. We want “everyday low prices,” but we feel great affinity for small, local businesses and, as recent controversies about Wal-Mart opening

stores in big cities attest, we are often hostile to the large enterprises that make such prices possible.

Mr. Levinson, a clean and careful writer, opens his story around 1860, when George Gilman, a tanner, opened a tea and coffee trading business in New York. He aggressively marketed his products, and his business prospered.

In 1869, Mr. Gilman founded a related business, the Great Atlantic & Pacific Tea Company, which was destined to become what the author calls “one of the greatest agents of creative destruction in the United States.”

But Mr. Gilman did not oversee A.& P.'s transformation. In the late 1870s, he passed the reins to his colleague George H. Hartford, who, with his sons, George L. Hartford and John Hartford, continued the strategy of aggressive growth. In the early 1880s, A.& P. broadened its product line and began selling sugar, baking powder and canned goods, branding some as its unique offerings.

The next three decades were heady ones for A.& P. Buoyed by swift store expansion and the Hartfords' astute attention to cutting costs, the chain grew to more than 9,200 outlets by the mid-1920s. In a 12-month period ended in 1925, it chalked up what was then an astonishing \$352 million in sales.

Other retailers, like Kroger, Grand Union and F. W. Woolworth, also grew during this period and used their size to achieve considerable cost savings. But as Mr. Levinson convincingly argues, no large retailer pursued the strategic advantages of scale as forcefully as A.& P.

By the 1920s, the company was exploiting its heft to command volume discounts and charge ever lower prices. From 1925 to 1929, [food prices](#) fell 2 percent nationally, but prices at A.& P. dropped 10 percent. Small wonder that Americans flocked to it and other chains. As they did, their shopping and eating habits changed, too, since chains put more emphasis on variety and convenience.

Many mom-and-pop stores and small wholesalers became road kill in the transformation wrought by mass retailing. These players would fight back, enlisting state and federal governments to help curtail the large retailers' power. A.& P. became a main target.

Mr. Levinson describes the various efforts of politicians and regulators to fight what many saw as A.& P.'s domination of the food supply system. At virtually every turn between about 1920 and 1950, A.& P. was confronted with another assault from anti-chain forces, including efforts to impose onerous taxes on its individual outlets and restrictions on the price advantages that it could

command from manufacturers.

In the author's reasoned telling, federal and state governments intervened in the chain-store wars "not to promote competition, but to crush it." The stores' opponents were not interested in promoting low retail prices for American consumers, he argues, "but precisely the opposite: they wanted to keep prices high so that an inefficient distribution system could survive."

He might have made his argument even stronger by noting that preserving this inefficient system was a collective response to Americans' deep fear of consolidated power, which dates back to the nation's founding and continues today.

Ultimately, the chain stores won out, powered by consumers' concern with lower prices and by aggressive public relations campaigns. Even the 1946 antitrust ruling and other government attempts in the 1940s and early 1950s to reduce A.& P.'s power ultimately had little effect on the company's sales or size.

By the early 1950s, the legal and political environment was more conducive to large retailers, and the stage was set for a new kind of retailing: mass discounting. (Kmart, Target and Wal-Mart would all be founded in 1962.)

The book ends with the story of the rapid decline of A.& P. In the wake of the Hartford brothers' deaths in the 1950s, the company they did so much to build proved unable to deal with growing supermarket competition, Americans' movement to the suburbs and the rise of shopping malls.

The pre-eminent grocery retailer, Mr. Levinson writes, "fell victim to the creative destruction it had once dispensed." In 1963, Sears, Roebuck overtook A.& P. as the world's largest retailer, a position Wal-Mart holds today.

By 1980, A.& P. was operating 2,000 stores, fewer than half its number in 1960. Today, A.& P. operates about one-sixth its 1980 number of stores and under several retail banners, including A.& P., Food Emporium and Pathmark. The company [filed for Chapter 11 bankruptcy reorganization](#) in late 2010.

Mr. Levinson has written an absorbing history of one company's amazing rise — and what such success means in a nation with conflicting ideals about big business. It is more than a rich business history; it is a mirror to our own conflicting wants and visions of who and what we should be.

