

Chapter 6: Marketplace History

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“Every once in a while, a new technology, an old problem, and a big idea turn into an innovation.”

Dean Kamen, American Engineer, Inventor, and Businessman

Introduction

Although most marketplace digital transformation occurred in the last decade, commerce and marketplaces have been evolving for thousands of years. The history of eCommerce itself is more than fifty years old and continues to evolve on the back of new technologies and the sheer number of businesses entering the online market each year. Due to its vast reach and popularity, the internet has completely changed the way the world does business. How did commerce begin and how has it evolved over the centuries to our modern global marketplaces?

6.1 Pre-Industrial Revolution (Before 1800)

Bazaars originated in Persia as early 3000 B.C. and gradually spread to rest of the middle east and later to Europe. Between 550 and 350 B.C., Greek stallholders started to form groups according to the type of goods carried — fish-sellers were in one place, clothing in another, etc. During this time governments began to oversee weights, measures, and transactional integrity. By 100 B.C., Trajan's Market in Rome was a vast expanse of buildings with shops on four levels and one of the earliest examples of a permanent retail shopfront.

In the twelfth century, England was home to some 2000 markets in towns and villages across the countryside. By law, local lords were granted charters from the king to protect the town’s trading privileges and charge the merchants an annual fee. Both charters and competition increased in the thirteenth century. Towns and villages became known for quality of produce, efficiency of market regulation, and amenities provided.

Across Europe, the Middle East, and Mesoamerica, the fifteenth century saw the rise of organization and quality products, as well as visitors who traveled longer distances to shop. As competition increased during the sixteenth century, some locations became associate with

particular types of product, such as Indian tea. Customer trust in the quality of goods from specific places could be considered the earliest form of product branding.

Extensive overseas exploration throughout the seventeenth century brought about major economic changes and paved the way for commercial and industrial revolution. As European powers focused on shipping and colonisation along the western Atlantic coast, economic activity increased across Portugal, Spain, France, the Netherlands, and England, while declining in Italy and Turkey. And the Americans who gained independence through revolution set out to create their own manufacturing and marketplaces.

6.2 Industrial Revolution and Physical Marketplaces (1800–1960)

As the early 1800s ushered European and American societies from agricultural to industrial economies, small family-oriented stores gained popularity. But gradual transitions to city living created new factories, new jobs, urban development, and new standards of living. Consumers sought a broader selection of product and department stores like Macy's (1858), Bloomingdales (1861), and Sears (1886) answered the call in New York City and Chicago.

In 1859, The Great Atlantic & Pacific Tea Company started as a coffee and tea seller before evolving into the grocery markets known as A&P. While Sears, Roebuck and Co. was officially founded in 1893, the company dates its history back to 1886 when Richard W. Sears, a railroad agent in Minnesota, received a box of errant watches and then sold them to other agents. In 1915, Vincent Astor spent nearly \$1 million to build and open Astor Market at 95th Street and Broadway on the Upper West Side of Manhattan. Essentially an open-air market harkening back to the ancient bazaar, the precursor to modern shopping malls was ultimately unable to compete with the convenience of a neighborhood grocery store and closed within 2 years.

In 1916, Piggly Wiggly, the first self-service grocery store was opened by entrepreneur Clarence Saunders. The self-service model pioneered modern retail with varieties of food and goods and gave birth to modern supermarkets. The first outdoor mall in the US, called Country Club Plaza, was opened in 1922 by the J.C. Nichols Company of Kansas City. The first indoor mall, called Southdale, opened in Edina, Minnesota in 1956. By the end of 1960, more than 4500 malls covered America and accounted for over 14% of total retail.

Department stores had become a fixture of the American landscape as the growing middle class enjoyed a new level of wealth. Disposable income, social interaction, and window-shopping made shopping malls indispensable. But consumers also sought cost-effective products alongside the one-stop shop convenience.