Marketing Against the Grain: Eaton’s Thrift House, Financial Literacy and Relationship Marketing in 1920s Toronto

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Abstract

Purpose – The purpose of this paper is to reconstruct the 1926 marketing campaign associated with the introduction of installment buying by the T. Eaton Company at its Toronto department store.

Methodology/approach – The paper uses the established techniques of qualitative historical research using primary sources. It is based on manuscript sources in the T. Eaton Company fonds held at the Archives of Ontario, as well as Eaton advertisements published in the Toronto Globe in 1926. Secondary sources were used to contextualize the marketing campaign in terms of contemporary concerns about consumer spending and money management.

Findings – The details of Eaton’s deferred payment plan and the way in which it was subsequently marketed reflected the ambivalent attitude of Eaton’s upper management to consumer credit. The company was particularly concerned that any divergence from the established policy of “spot cash” payment would damage the store’s reputation with Toronto consumers. For this reason Eaton’s marketing strategy incorporated elements of public pedagogy in an effort to educate customers about credit and budgeting.

Implications/limitations – Eaton’s 1926 marketing campaign suggests that, in contrast to the view that retailers eagerly promoted consumer credit, a leading group of Canadian department store executives maintained traditional attitudes to saving and spending, and had serious concerns about the new consumer spending patterns associated with the 1920s.

Originality/value – The paper contributes to recent efforts by Tadajewski and others to trace the antecedents of relationship marketing.

Keywords – T. Eaton Company, installment buying, department store advertising, public pedagogy, relationship marketing

Paper type – Research paper

Introduction

In a 2008 article in the Journal of Macromarketing Mark Tadajewski challenged the accepted timeline of the development of relationship marketing, which traces the origin of this approach to the 1970s (p. 169). Using the career of John Wanamaker (1838-1922) as the basis of a case study, he argued that this major U.S. retailer was already employing many of the strategies associated with relationship marketing in the late nineteenth and early twentieth centuries. According to Tadajewski, throughout his professional life Wanamaker sought to establish mutual confidence between himself, as the personification of his stores, and his customers, employees and suppliers. He was determined to replace the negative image of retailing, associated with the Latin tag caveat emptor, with the positive impression of the department store as a public service institution having the best interests of the community at heart. In practice this meant introducing such customer-centered innovations as a one-price policy and a guarantee that the merchandise could be returned if the purchaser was dissatisfied for any reason. Wanamaker was also a pioneer in the use of advertising to sell his stores as benevolent organizations contributing to the well being of the citizenry (Tadajewski, pp. 174-175). By these means he hoped not only to attract customers, but also to keep them, and thus insure a stable source of profits for his business.

Wanamaker was far from alone in his efforts at relationship marketing avant la lettre. As Roland Marchand noted in his study of corporate public relations, Creating the Corporate Soul, retailers in
general were in the vanguard of businesses seeking to develop a positive public image (1998, pp. 10-15). In the Canadian context Wanamaker’s counterpart was Timothy Eaton (1832-1907), the founder of a retail empire that would ultimately extend throughout the country. From the establishment of his first modest dry goods store in Toronto in 1869, Eaton also forsook the customary system of haggling in favor of one price selling. He too had a generous return policy. Additionally Eaton refused to grant credit and insisted on payment in cash, claiming that cash buying and cash selling insured the best possible value for money for his customers. In this last assertion business historian Joy Santinck argues that he was somewhat disingenuous: at least in the early days Eaton, like his fellow retailers, relied on lines of credit from wholesalers and manufacturers (1990, pp. 70-71). Nevertheless, by virtue of constant reinforcement through the company’s advertising and other promotional materials, the T. Eaton Company became firmly associated in Torontoonian minds with these business principles. The paradoxes of the promotional campaign surrounding Eaton’s introduction of installment purchasing in 1926 can best be understood in terms of an effort to sustain a relationship with the customer built over decades that promoted cash buying as the essence of thrift and responsibility. The company’s seeming reversal of one of its founding principles was defended by an effort to teach Torontoians that credit inevitably had its price.

In fact the promotional campaign that accompanied Eaton’s launch of its deferred payment plan can best be understood as a form of public pedagogy. In the late nineteenth and early twentieth century Europeans and North Americans readily accepted the idea that formal institutions had no monopoly over learning. Useful knowledge could be acquired in a variety of locations through a variety of means: work places, museums, and agricultural and industrial exhibitions could all be sources of valuable learning experiences (Harris, 1990, pp. 56-63). Eaton’s, along with many other European and North American department stores, experimented with various forms of public pedagogy long before the 1920s (for U.S. examples see Leach, 1993). Having firmly established itself as a source of wisdom about the expanding world of consumer goods, the company’s 1926 campaign asserted authority in the area of household budgets. Customers were told they could look to Eaton’s for essential lessons in financial management.

Granted Tadajewski’s contention that relationship marketing has a long history that significantly predates its codification in the professional literature, I would further argue that public pedagogy was part of the tool kit used by early practitioners such as the T. Eaton Company. This particular relationship, casting the store as teacher and the customer as pupil, enabled Eaton’s management to reconcile the apparent contradictions involved in the company’s foray into the world of consumer credit. Drawing on advertisements that appeared the Toronto daily newspaper, The Globe, as well as internal company correspondence found in the T. Eaton Company’s archives, I will demonstrate the ways in which the store presented itself as teacher prior to 1926. I will then reconstruct the internal debates over the issue of deferred payment and show how the promotional campaign crafted by management and marketing staff reflected anxieties about new trends in consumer spending and offered solutions in the form of heightened financial literacy. The company tried to remain true to Timothy Eaton’s founding principles by marketing credit seemingly ‘against the grain’ in a way that emphasized difficulty rather than convenience.

**Marketing the Store as Teacher**

In her account of Timothy Eaton’s marketing methods, Santinck argues that he made a significant change in his advertising strategy in 1886: “Instead of regularly informing readers of the prices of goods, the new [advertising] column extolled the virtues of the store” (p. 121). By shifting the emphasis of his newspaper advertisements away from the goods on sale and towards the store as an institution, she considers Eaton was emulating an approach that John Wanamaker had implemented some years before. The new strategy was a signal that, in some sense, Eaton’s store had come of age. During the early days, the business had aimed at attracting customers from the working and lower middle classes; now the store aspired to the patronage of wealthier Torontonians as well (Santinck, p. 121). The availability of such customer services as local delivery and ordering by mail began to be publicized. As the store grew, new amenities were added which, by the early twentieth century, included not only a wide range of merchandise obtained from North American, European and Asian suppliers (O’Donnell, 2002, pp. 53-62), but also a restaurant, a health clinic, and a children’s playground on the roof. (Belisle, pp. 92-95; The Scribe, 1919, p. 227). The store used public spectacles to cement its position as a Toronto institution, investing in elaborate window displays, seasonal fashion shows and, starting in 1905, a yearly Santa Claus parade (Santinck; Penfold).
Timothy Eaton died in 1907 and the presidency of the company passed to his son, John Craig Eaton (1876-1922). Under his management the expansion of the store and its services accelerated, as did the effort to enhance its image. In the early days Timothy Eaton had written his own advertisements, but that task had long since been passed on to specialized staff (Santinck, p. 120). In 1910 the City Advertising department hired a new copywriter, Edith Macdonald (1876-1960), to create the text for advertisements placed in the Toronto Globe, a morning daily aimed at a middle class readership. Macdonald, educated at the Bishop Strachan School, an institution for the education of the daughters of Toronto’s Anglican elite, had previously worked for the Toronto Daily News as the editor of that paper’s women’s page (Globe and Mail, Aug. 22, 1960, p.6). Becoming well known for her lively columns under the pen name, ‘The Scribe,’ she gave Eaton’s ads a new touch. Her copy, with its references to such figures as Ruskin and the poet Cowper, assumed an impressive degree of cultural literacy on the part of her readers. She not only described the goods available in the store in vivid terms, she also regularly reported on fashion trends in New York and Paris. Imitating the conventions of the women’s page, her ads frequently featured a column titled “You were inquiring?” in which she answered letters asking about a myriad of topics, including interior decoration, fashion, housekeeping tips and current literature. Intermittently a column called “From a Woman’s Standpoint” appeared which ranged in subject from rhapsodies on new fashions to fantastic tales about anthropomorphized goods that came to life when the store was closed.

Macdonald’s copy was designed to appeal to a genteel audience with at least some degree of discretionary income. Her correspondents were usually comfortably off rather than rich: many of those writing to her frankly admitted that their dreams of a new wardrobe or a redecorated drawing room were limited by financial realities. Macdonald responded with suggestions and advice tailored to the individual dilemma. She projected the image of a good-humored, though very occasionally acerbic, guide to the bewildering variety of options available in the modern world of material plenty. As ‘The Scribe,’ she instructed Toronto housewives that carefully reading newspaper advertisements was key to the successful performance of their duties:

The small boy interested in baseball and football makes a habit of reading the sporting page. The man interested in stocks reads the financial page. The woman interested in smart clothes and household management should surely cultivate the habit of reading the page that deals daily with that which is newest and best approved in the realm of affairs with which she is concerned (Globe, Oct. 4, 1911, p. 16).

To twenty-first century consumers, conditioned by the dominance of image over text in contemporary print media advertising, Macdonald’s elaborate language and frequent flights of fancy seem to get in the way of her message. She was not writing for an image-saturated public, however: reading was a major form of entertainment for her middle class, middlebrow audience. Early twentieth-century Torontonians were used to getting their information from newspapers. Macdonald, in casting her copy as a source of both entertainment and enlightenment, actually fitted her message very neatly to her medium. Above all, she promoted the store and its goods by creating a persona that her predominantly feminine readership could both identify with and trust.

While daily advertising was important, it was not the only mechanism Eaton’s used to promote the store’s pedagogical mission. Starting in 1913, spring and fall openings showcasing the new trends in clothes and interior decoration were frequently accompanied by a series of public lectures by well-known authorities, usually imported from New York but even, on occasion, coming from Paris or London. These speakers included Paul Poiret, the French fashion designer, Frank Alvah Parsons, head of the Parsons School of Design in New York, and Herbert Cescinsky, a London-based expert on antique furniture. Torontonians who were unable to attend could read Macdonald’s summaries of the lectures in Eaton’s Globe ads.

In 1919 Eaton’s celebrated its Golden Jubilee: fifty years during which the business had grown from its modest beginnings as a dry goods shop located some distance from Toronto’s fashionable retailing district on King Street to “Canada’s Greatest Store” (Belisle, 2011, p. 24). Every month during the Jubilee year was marked by a special event of some kind. Designed to attract shoppers, these events also communicated aspects of the institutional image Eaton’s managers sought to cultivate. One of the main themes was progress; in this the store followed the example set earlier by museums and world fairs (Bennett, 1995). January featured a parade of fashions that contrasted the “quaint” and the “absurd” styles of previous decades with the “straight line silhouette” of the present.
February’s “demonstrations of old-time production methods” were very popular, juxtaposing laborious hand work with displays that showed the speed and efficiency of modern machinery:

A hand-loom in the floor-coverings department creaked through its antiquated processes in the making of rag rugs according to the methods of fifty years ago, the throwing of its old wooden bobbin appearing all the more wasteful of time by contrast with the automatic workings of the modern power machine set up alongside and turning out the rugs of the present-day type (The Scribe, 1919, p. 277).

The displays that enlivened the Jubilee year were particularly elaborate, but spectacles dramatizing the goods and services Eaton’s had to offer were frequently incorporated into the store’s marketing plans. Less obviously pedagogical than the public lectures, or even ‘The Scribe’s’ columns, such displays nevertheless functioned as object lessons intended to instruct Torontonians about the modern material world.

**The New Thrift**

Celebratory pageants and tableaux were by their very nature ephemeral, but the T. Eaton Company also published a souvenir book to commemorate fifty years of phenomenal business success. Written by ‘The Scribe,’ the text described Timothy Eaton as a retailing innovator ahead of his time:

> When Mr. Timothy Eaton refused to adopt the charge account and marked his goods in plain figures with one unchangeable price he stood out among his fellow store-keepers in Toronto as an idealist—an oddity. Failure was predicted for his new policy. Who could run a successful store on a “No Credit” basis? It was a wild dream, they said (T. Eaton Co., 1919, pp. 36-37).

Indeed, while not quite as original as ‘The Scribe’ claimed, Eaton’s cash only policy served the company well during its first half century (Santinck, p. 63). Santinck notes that it provided the liquidity that enabled the store to negotiate better deals with suppliers, deals that meant lower prices and consequently higher turnover (p. 66). The refusal to grant credit also simplified customer relations: credit worthiness was hard to determine in the context of a growing city where shopkeepers no longer knew their clientele. The price of Eaton’s goods did not have to include the costs involved in administering charge accounts and absorbing bad debts. While Timothy Eaton was not unique in following a “no credit” strategy, he used it to maximum advantage to promote his store’s reputation for value for money.

By 1919, however, the retail landscape was undergoing significant changes. As early as 1914 Eaton’s main competitor, the Robert Simpson Company, had introduced deferred payment for furniture and household appliances through its Home Lovers’ Club plan. Initially offered only during Simpson’s semi annual house furnishings sales, the plan allowed approved members of the club to buy sale merchandise on an installment basis while prices were at their lowest. The price of the goods was unaffected by the method of purchase: cash and credit buyers paid the same amount. In effect, this meant that cash customers helped carry the overhead costs associated with credit services:

> The cash and credit prices of house furnishings in some department stores and furniture houses are the same, which might create the impression that one is getting something for nothing. Such is not the case, at least not as a rule; the cost of the credit service is included in the mark-up of prices. There is an advantage to the instalment [sic] buyer in these cases, however, as the cash customers are helping to pay the costs of the credit system (Annals, Jan. 1927, p. 31).

Eaton’s managers were scornful of Simpson’s innovation, considering it fundamentally unethical in its treatment of cash buyers. They continued to adhere to a cash only policy, even as they reached out to wealthier segments of Toronto’s population and moved into selling expensive luxury items such as antique furniture and top of the line pianos.

As the 1920s wore on, Eaton’s upper management began to worry that this strict adherence to Timothy Eaton’s founding principles was causing the store to loose a significant amount of business. Lower level employees dealing directly with the public blamed sluggish sales figures on the company’s refusal to provide credit services offered by other retailers, particularly Simpson’s (AO, F229-8-0-48). Eaton’s was also expanding into new markets, such as Montreal, where customers were
used to buying on credit. The T. Eaton Company archives contain internal correspondence between company president R.Y. Eaton (1875-1956) and members of upper management that documents a lively debate about the pros and cons of introducing credit in the form of a deferred payment plan limited to purchases of consumer durables for the home (AO, F229-8-0-48).

Letters and memos exchanged by R.Y. Eaton and H.M. Tucker (1875-1959), manager of the Winnipeg store, are particularly revealing. Both men had learned the ropes of department store retailing under the tutelage of Timothy Eaton. R.Y. Eaton, a nephew of Timothy’s, had become president of the company following the premature death of the founder’s son and heir, John Craig Eaton, in 1922. He effectively held his position in trust until one of John Craig Eaton’s four sons became experienced enough to take the reigns. Under the circumstances, he was very reluctant to depart from a policy so closely linked to the store’s public image (R.Y. Eaton to H.M. Tucker, October 1, 1925. AO, F229-8-0-48). Tucker was also deeply committed to the cash system. His experience of Winnipeg’s booming wheat economy of the war years, followed by a rapid decline in prices during the early 1920s, had only confirmed his suspicions about credit, suspicions he believed his largely agricultural customer base shared (H.M. Tucker to R.Y. Eaton, August 7, 1925. AO, F229-8-0-48).

Tucker’s reading of the situation in mid-1920s Winnipeg may have been correct, but overall attitudes to consumer credit in Canada and the United States were changing. Although a horror of debt was deeply ingrained in many North Americans, they increasingly felt entitled to the higher standard of living made possible by industrial innovations (Calder, 1999, p. 235; Hyman, 2011, 36-37). Consumer durables considered luxuries before World War I were redefined as necessities in the 1920s. This was particularly true of automobiles. Their cost dropped significantly as a result of production efficiencies introduced by Henry Ford and others, but automobiles still remained out of reach for the ordinary consumer. Installment buying solved this problem, making it possible for workers receiving a regular income to obtain a highly desired commodity. Deferred payment plans for automobiles proved hugely successful as a marketing strategy, leading retailers of other types of goods to follow suit. Ever the voice of doom, H.M. Tucker complained to R.Y. Eaton:

The success obtained by the automobile trade with this plan has had a damaging effect on practically all other branches of retail, except the lines necessary to the operation of the motor car, and this very success is to my mind the reason why numerous people offer clothes on terms, that the article might well be in the discard before payment is due. Its [sic] bound to encourage an extravagant type of living which in the long run is not in the best interest of the consumer, retailer or manufacturer (H.M. Tucker to R.Y. Eaton, August 7, 1925. AO, F229-8-0-48).

For Tucker, the popularity of deferred payment plans for cars represented a slippery slope. Inevitably the undisciplined spending habits created by consumer credit would lead to economic disaster.

Responding to Tucker, R.Y. Eaton took a more nuanced approach to the problem. Although he was undoubtedly uncomfortable about abandoning the principle of cash only transactions, he was equally troubled about the possibility that the store might lose significant market share under his watch, arguing “If the motor trade alone were to have a monopoly of instalment payments, trade in other lines would be starved. If other lines offer instalment facilities there will be that much less available for motor payments.” (R.Y. Eaton to H.M. Tucker, August 11, 1925. See also R.Y. Eaton to H.M. Tucker, October 1, 1925, for competition from Simpson’s. AO, F229-8-0-48). Brought up to believe in the Victorian virtues of self-denial and frugality, R.Y. Eaton was aware that a new generation of purchasers had different attitudes. Given the financial irresponsibility displayed by flappers and their male consorts, it was even possible to view deferred payment contracts as a lesser evil than the thoughtless frittering away of money. As he told Tucker in a letter dated August 11, 1925:

The instalment [sic] plan is certainly hurtful when applied to purchase of luxuries, as it might then mean deprival of necessities later. But when applied to things of lasting value that the purchaser is entitled to have, it is not objectionable; it may even become beneficial. This generation has been indulged since infancy and scarcely exercises self restraint, therefore is going to spend most of the income on something. If part of the income is ear-marked for payments on useful articles of some enduring value there will be less spent on movies and candies, and thus thrift will be fostered (AO, F229-8-0-48).
R.Y. Eaton's cautious optimism about installment credit was shared by many of his contemporaries in the business world. In 1925 the Financial Post, a leading Canadian business journal, published a series of articles about this relatively new form of credit. While the series was mainly concerned with the mechanics of deferred payment, the larger social implications of its increasing popularity with consumers did receive some consideration. The author noted that those opposed to installment buying considered the use of credit by businesses and governments completely acceptable because it generated wealth, but criticized the use of consumer credit as wasteful extravagance:

The usual answer [made by those against consumer credit] to the above argument as bearing on the installment plan of buying is that in the case of cities and business the money is spent for productive purposes, but in the case of individuals it is simply to acquire luxuries. However, terming the articles luxuries and unproductive may be correct or incorrect. Do we know that the enjoyment of these articles has no productive effect on the purchaser? Do we know that their possession does not broaden his outlook on life, quicken his intellect, and spur his ambition so that his will and ability to produce are increased? (Financial Post, November 6, 1925, p. 9).

The argument that consumer goods could have a productive value was considered particularly compelling when applied to so-called durable goods intended for use in the home. Labor saving appliances such as washing machines and vacuum cleaners clearly made the housewife more efficient:

The loan for the purchase of a family washing machine is usually classed as a consumers’ loan and yet the net result of the use of the machine may be and sometimes is, an increased total production. When such is the case, and the purchase of the machine is possible only through a loan, then the consumers’ loan should not be condemned as a detriment to the source of wealth, but rather should be credited with being an aid to increased production (Annals, 1927, p. 15).

Even less obviously productive household goods such as comfortable living room furniture could contribute to the broader social good by making family members, particularly husbands and fathers, less likely to seek out commercial amusements in their leisure time.

By the mid 1920s many analysts of consumer spending had accepted that installment buying had come to stay (Carter, pp. 235-237). Although personally sympathetic to many of H.M. Tucker’s concerns, R.Y. Eaton had reached the same conclusion. Having decided it was necessary to introduce a deferred payment program at the company’s Toronto headquarters, the problem became a marketing issue: how to persuade customers that the new service did not represent a betrayal of the cash only principle on which the store had built its reputation for value and honest dealing? Writing to Tucker, R.Y. Eaton acknowledged the difficulty but suggested that the company’s recent experiences, gained during its expansion into the credit-positive Montreal market, suggested a solution:

The one great difficulty so far as we are concerned is to go into Instalment [sic] business without risking the reputation we have as a cash house. It is a very, very grave risk. This reputation gives the public an unquestioning confidence in our values generally, and if ever this reputation got damaged by associating our name with Instalment Selling, we would lose more business in the lines not normally bought on time than we would gain in sales of lines usually so bought. Hence our care in Montreal to constantly keep before the public the fact that we price goods on the basis of cash dealing, that we charge enough extra for time payment to cover its extra expense, and thus preserve the Eaton price as a genuine cash price. Time will tell how this works out, but so far there has been no evidence that the people’s faith has been shaken in the integrity of our pricing, and there is evidence that habitual Instalment people have come to see our goods that otherwise would not have come at all if our only terms had been cash. We cannot prove it, but by our plan it is not unlikely that more people have been turned from Instalment to Cash Buying than have been turned from cash to D.P. [deferred payment]. At least the former are now doing business with a house that is constantly talking up the advantage of Cash Dealing and without the aspersion that we do so simply because our regulations forbid the other (R.Y. Eaton to H.M. Tucker, October 12, 1925. AO, F229-8-0-48).

These early experiments in communicating the differences between cash and credit to Montrealers would take on much more elaborate form in Toronto. Eaton’s embarked on an intensive promotional
campaign that aimed at teaching Torontonians how to manage their money in an increasingly complex consumer environment.

**Thrift House: Merchandise Display as Pedagogical Device**

Once again, Eaton’s took inspiration from the marketing techniques used by Wanamaker’s. A telegram sent to Tucker detailed the initial phases of the campaign introducing the new credit service:

> Budget plans include construction of typical Toronto house to be furnished on a moderate scale and known as Thrift House with Thrift Bureau and Thrift Adviser in connection along Wanamaker lines stop We will give credit to Wanamaker as pioneers in budget field and open house on Tuesday afternoon January nineteenth with lecture on home budgeting by director of Wanamaker New York budget service stop Will announce furniture sale and D.P. [deferred purchase] plan in Saturday papers January 16th and opening of Thrift House and lecture in papers of 18th stop (W.G. Mills to H.M. Tucker, January 4, 1926. AO, F229-8-0-48).

Eaton’s decision to connect its budget house display to Wanamaker’s precedent neatly circumvented the accusation that the store was simply copying Simpson’s Budget Bungalow, introduced in 1924 (*Globe*, September 13, 1924, p. 13). Wanamaker’s “Little Home that Budget Built” predated both displays, having opened in 1923. Inspired by such U.S. civic initiatives as National Thrift Week and the Better Homes movement, Wanamaker’s hired Frances Seaver, a well known expert in home economics and household budgeting, to provide free financial advice to its customers. The ultimate objective was to sell furniture and furnishings, certainly, but in hiring Seaver Wanamaker’s positioned itself as an advocate of wise, carefully planned spending. While Eaton’s did not hire someone with a similar national profile to manage Thrift House, the store followed Wanamaker’s lead by supplementing the display with a “Thrift Advisory Bureau” staffed by women advertised as “expert home economists” capable of drawing up budgets tailored to the needs of individual customers (*Globe*, January 22, 1926, p. 18).

Thrift House opened on schedule on Tuesday, January 19, 1926, as part of the store’s semi annual sale of furniture and house furnishings. Visitors were confronted by an impressive life-sized model of a six-room single-family home built to plans prepared by Sproatt and Rolph, a well-known Toronto architectural firm. Given the limitations of the site on the main floor of Eaton’s House Furnishing Building, the house’s two levels had to be placed side by side. Otherwise every effort was made to convey the illusion of a real dwelling that was at once representative and individual. Simpson’s Budget Bungalow resembled a vaguely Arts and Crafts English cottage; Eaton’s chose a more urbane neo-Georgian style for the Thrift House exterior. Both houses reflected the conservative Anglophile tastes of the displays’ projected constituency, Torontonians buying homes in the new middle class suburbs north and west of the city center. Many North American merchandisers believed model house displays would lead consumers to re-visualize their own private domestic spaces in the light of ideas and information made vivid by this medium of communication. Eaton’s had experimented with model homes and rooms since opening its House Furnishings Building in 1913, but Thrift House represented a considerable advance in the store’s use of such displays as marketing devices. Just as in the case of Wanamaker’s, Eaton’s deployed a vision of home and homemaking intended reinforce the company’s association with middle class values of good taste, comfort and fiscal responsibility.

While Thrift House functioned as an object lesson in Eaton’s ongoing commitment to its founding principle of value for money, the display was not left to speak for itself. The pedagogical intent behind Thrift House was spelled out in the full-page advertisement announcing the new display that appeared in the Toronto *Globe* on January 18, 1926 (p. 16). Little space was given to enticing descriptions of Thrift House’s appearance and contents, although sketches of exterior details were provided. Instead the ad copy focused on two topics: the specifics of Eaton’s deferred payment plan and the creation of a household budgeting service. Both these components were presented as key elements in the transition to new forms of purchasing that, in the words of the copywriter, “requir[ed] more thought and adjustment on the part of the customer than does our simpler method of cash payment.” (*Globe*, January 18, 1926, p. 16)

The outline of the terms for deferred payment was prefaced with a reiteration of the company’s mantra proclaiming the advantages of cash. Should customers prefer to pay by installment, they would first have to apply for credit approval to the office of the Purchasers Finance Company, a subsidiary that Eaton’s management had set up purposely to establish some semblance of distance between the
store and its consumer credit financing agency. In the event that credit was granted, buyers would have to purchase at least $50 worth of goods (later reduced to $25) and pay 20% down. The outstanding balance, together with a 7% carrying fee, would then be paid off at regular intervals over the next ten months. In another Globe ad the 7% fee was justified on the grounds that "Those extra costs inseparable from any Time Payment Plan and absent in Cash Selling namely extra Accounting Expenses and Loss of Interest are born by the PURCHASERS FINANCE COMPANY LTD., thus preventing such costs from entering into EATON Cash Prices, which remain based on the low cost of Cash Selling" (Globe, January 16, 1926, p. 22).

As mentioned above, Eaton’s deferred payment plan contrasted significantly with plans available through Simpson’s Home Lovers’ Club. The rival store made no distinction in price between household goods bought for cash and those bought on credit. In the view of Eaton’s upper management this practice was essentially deceitful, as under such circumstances cash customers must necessarily be sharing the business costs associated with offering installment buying. Simpson’s claim that they were able to offer credit accommodation to shoppers for free had long rankled with R.Y. Eaton. The imposition of the 7% service charge was not only intended to cover Eaton’s costs, it was also a deliberate mechanism for getting consumers to think critically about the cost structures that lay behind the prices assigned to goods in Toronto’s competing department stores.

The store’s deferred payment terms were intended to communicate the relative advantages of cash versus credit, but Eaton’s Thrift Bureau had a much broader pedagogical mandate. Advertisements claimed that the female staff members providing this free service were experts on matters of both household finance and taste. In theory customers could go to them for advice on all matters related to budgeting income, even if they were not in the market for house furnishings. Household budgeting was a hot topic in 1920s North America (New York Times, July 1, 1923, p. XX14; see also Walker, 2003). Even before World War I, rising prices had threatened the standard of living not only of workers but also of the middle class. During the early twentieth century inflation meant that saving in order to spend was not necessarily the wisest course for consumers. In addition the first half of the 1920s had been a time of much economic uncertainly in Canada. Although the situation had stabilized by 1926, past experiences of financial anxiety popularized the idea of planning family expenditure. Home economists, influenced by the principles of scientific management, sought to bring a spirit of professionalism to all aspects of domestic work including shopping. Through Thrift House and the Thrift Bureau Eaton’s sought to align itself with a disciplined approach to spending associated with modernity.

In practice, of course, the Thrift Bureau and Thrift House were located in the same physical location with the hope that the Thrift Advisers would show customers how to realize desires created by the display. Such desires were stripped of negative associations with wasteful extravagance by their connection with the socially sanctioned goal of making a comfortable home. Writing as ‘The Scribe,’ Edith Macdonald bolstered the illusion that Thrift House was a private domestic space, rather than a merchandise display:

Men take off their hats and women drop their shopping manner as they step through the doorway. The atmosphere of Thrift House is so home-like you assume the character of a visitor to a private house. Would any hostess have arranged flowers more charmingly than those daffodils are arranged in the purple glass bowl in the living-room? (Globe, January 23, 1926, p. 24).

Macdonald described the launch of Thrift House as a ‘house warming,’ albeit one that attracted thousands of curious visitors. Much of the advertising associated with the display was characterized by an inevitable tension between the commercial imperatives of salesmanship and the claim to provide disinterested advice about interior decoration and financial management. ‘The Scribe’ reported that visitors expressed “every phase of approval from admiration to amazement” with one “smart-looking woman” exclaiming “I wish I could move right in…The sight of that linen room makes me hate my stuffy, inconvenient little flat” (Globe, January 23, 1926, p. 24). The promise that the Thrift Advisers could show Eaton’s customers how to satisfy such longings was not realistic in many cases: the cost of decorating and furnishing the house was “less than $2,600” at a time when the average Canadian earned $1,200 a year (Thompson and Seager, 1985, p. 138). If they could not move right in, however, shoppers could always buy the shelf for cook books which “has…won many housewifely hearts” for a mere $4.50.
Deferred payment was one way of satisfying the longings aroused by Thrift House, but there were definite dangers associated with this method of financing. Company managers feared that customers, believing that installment buying was the solution to their monetary difficulties, would apply for credit only to be denied as a bad risk by the Purchasers Finance Company. Such an outcome would clearly not benefit customer relations. The Thrift Bureau could serve means of filtering out potentially unsuccessful applications. More importantly, it validated a rational, informed approach to the use of credit that would help reduce the company’s exposure to bad debts. An advertisement that appeared in the Globe on April 21, 1926 describing “three imaginary but typical problems” indicated the type of consumers Eaton’s expected to use the Thrift Bureau. The incomes involved ranged from $1,500 a year (a business girl planning her wedding) to a family of seven facing the horrors of being reduced from $12,000 to $10,000 a year. Somewhere in the middle was the family of five:

They had lived comfortably on $6,000, but now the house needs redecorating throughout, and no money exists for the purpose. The Thrift Adviser suggested a family conclave and the Budget plan. It was adopted. Each member of the family agreed to cut down expenses. By the new scale of living—at no privation to any one—a furnishing fund of $65 a month was evolved. This in addition to the regular saving of $70 per month. Result: $780 at the end of the year to rejuvenate the house (Globe, April 21, 1926, p. 18).

The women (and men) who consulted the Thrift Advisers were, by definition, not spendthrifts but thrifty spenders seeking the counsel of experts. Wise allocation of income enabling an appropriate standard of living had replaced self-denial as a pre-eminent bourgeois virtue. Nevertheless, Eaton’s advertising still privileged saving as the best way of achieving consumer goals. Deferred payments were offered as a second-best means of acquiring goods that contributed to the well being of the family. By limiting its deferred payment plan to house furnishings and offering instruction in financial planning, Eaton’s implicitly set moral boundaries for consumer credit.

Eaton’s managers were not content simply to trust that customers would absorb the messages put forward by the company’s advertising about its credit terms. In May 1926 Eaton’s announced an essay contest designed to test whether their pedagogical goals had been achieved. Entrants were to write a response not exceeding two hundred words to the question “Should the buyer who pays Spot Cash be asked to pay as much for an article as the buyer who is given ten months to pay? If so, why? If not, why not?” An independent panel of three judges would choose one hundred and sixteen winners, who would receive prizes totaling $2,000; first prize was $250. A number of the winning essays were subsequently incorporated into Eaton’s Globe ads. One of the $100 prize winners, Miss Nora Lewis, departed from the essay form and instead used Rudyard Kipling’s poem, “If” as a literary model:

IF banks would lend their money and not charge a single cent,
IF firms could run for fun and disregard the increment,
IF clerks would keep their books, and take their pay in pleasant smiles,
IF other clerks would aid them – free – by keeping careful files,
IF mails would carry free each notice, bill and “paid” receipt,
IF postmen could afford for love to serve each town and street,
THEN every firm that dealt in realms where “Ifs” like these were true,
Could give rock-bottom prices, and ignore the “balance due”
But IF prosaic facts were true, and two and two make four,
Then merchandise on credit costs inevitably more.
And I submit, it’s honesty, and simple common sense
For the one who gets the credit to cover its expense (Globe, July 10, 1926, p. 22).

Miss Lewis’s entry was unique for its wit, but her underlying argument was consistent with the other prize-winning essays that survive in the pages of the Globe. There may have been dissenters among the contestants, but their opinions went unpublished.

According to a recent article by Donica Belisle in the Canadian Historical Review, many commentators in English Canada portrayed female consumers as foolish women whose “ability to reason was overwhelmed by bargain counters, sales pitches and attractive goods” (2011a, p. 593). Department stores were favorite targets of critics, who complained that they seduced women away from the paths of virtuous frugality. Eaton’s management was aware of this critique and even shared
some of the same concerns about changing spending patterns, as evidenced in the letters exchanged by R.Y. Eaton and H.M. Tucker. The company, however, fought back against the charge that it was itself a corrupting influence. Through Thrift House, the Thrift Bureau, and the publicity campaign surrounding its installment credit policy, Eaton’s constructed an alternative identity for shoppers as rational consumers capable of carefully evaluating their options in the marketplace. Appealing to this rationality, Eaton’s did not present deferred payments as an easy option but instead made it clear that credit necessarily involved an additional cost. The store could also claim that, through the services provided by the Thrift Bureau, it was helping to educate consumer citizens about the fundamentals of financial management. Even as Eaton’s sought to attract Toronto’s carriage trade, the store’s publicity continued to emphasize the principles of thrift and value for money. A 1930 ad publicizing Eaton’s elegant new house furnishings store on Toronto’s College Street stated that its opulence did not signal a change in the company’s relationship to its most important customers:

Of course, there’s a woman in the case. A woman is as essential to a store like this as Helen to the tale of Troy. It’s the Thrifty Customer. She is the figure of chief importance in the plan for EATON’S-COLLEGE STREET, this woman blessed with the knack of stretching dollars to their furthest limit. She is the toast of the evening, so to speak, the inspiration of the new building…. the woman who has to achieve a comfortable, interesting house on the proverbial shoe string, she will be the most radiant customer of the new store….As in the present House Furnishings Building, as it has been through all the sixty years of EATON history, so will the chief glory of the new building rest on the wide selection of its stocks and the lowness of its cash pricing… (Globe, October 20, 1930, p. 28).

In keeping with this commitment, Thrift House was moved from Eaton’s old House Furnishings Building to the main floor of the College Street Store, where it remained as a prominent display until 1950.

Conclusion
Eaton’s Deferred Payment plan acknowledged the new realities of post World War I consumerism but it also represented an effort to direct and discipline consumer spending in ways that Eaton’s management believed to be not only profitable but also morally appropriate. Thrift House, the Thrift Bureau, and the public relations efforts surrounding the adoption of installment buying were all elements in a program of public pedagogy designed to sustain a particular image of Eaton’s role in the modern marketplace. In effect, Eaton’s upper management turned an apparent capitulation to the new purchasing regime into an opportunity to instruct Torontonians about the cost of credit and the wisdom of budgeting. The efforts of a 1920s department store, one of the so-called cathedrals of consumption, to promote financial literacy possess a certain salience for twenty-first century Canadians, given current anxieties about increasing levels of household debt.

References
Financial Post, 1925.


Toronto *Globe*, 1924-1926.