

THE  
PHENIX NATIONAL BANK  
OF PROVIDENCE

*Established 1835*



85 WESTMINSTER STREET  
PROVIDENCE, R. I.

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ROMANCE  
*of*  
RHODE ISLAND  
INDUSTRY

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*A Radio Presentation*

*by*

THE PHENIX NATIONAL BANK  
OF PROVIDENCE

NOVEMBER 22, 1945

*The Outlet Company*

FIFTY YEARS AGO, the Samuels brothers opened "The Manufacturers' Outlet Store" in a small shop on Weybosset Street. Their stock was a curious melange of items like two thousand pairs of worsted pants, a hundred gross of checked cloth caps, or three dozen bales of blue flannel shirts. Barren as a freight shed, their store was furnished with packing cases for counters; and as soon as the show window was dressed, the Samuels brothers were in business. As simple as that was the beginning of "The Store that Boomed Weybosset Street".

That day in 1894, every possible card was stacked against the new venture; in the cold light of reason, and by most rules of sound merchandising, it had small chance to succeed. The timing was poor, because the country as a whole had not yet shaken off the inertia of a widespread depression; the location was worse, because the retail district of Providence was blocks away, on lower Westminister Street; the business climate was unfavorable, because the native merchants of Providence regarded the newcomers with hostility.

Unknown and uninvited, the Samuels brothers had only two points in their favor. They had discovered for themselves the rule of thumb that has built many a success; and, welcome or not, they had decided that

Providence would be their new home.

Their rule of thumb was this; buy quality goods in quantity, and turn them over fast — at the smallest possible profit per unit. The smaller the profit, they had learned, the faster the turn-over; and the faster the turn-over, the sooner their tiny profits added up to considerable sums. They had learned their rule at a time when America's economic machinery was suffering one of its occasional breakdowns. Capital had gone into hiding and credit had disappeared; manufacturers brooded over stocks of goods that no one would buy; workmen loitered outside plants that had shut down for lack of orders. Over the richest country in the world billowed a black cloud of pessimism; for the helpless majority, there was no horizon of hope to be seen.

But as in every depression we have known, certain figures hustled about in the universal gloom — the restless indomitable few who make their own opportunities, who struggle against all logic until they blow the depression away.

Two of those figures, in the year or two before the Nineties became gay with returning prosperity, were Joseph and Leon Samuels of Philadelphia. From the apathetic manufacturers of New York, these brisk young men bought complete stocks of men's clothing — caps, underwear, shoes, or any

other merchandise that clogged the warehouses. With a carload of goods at their disposal, they would open a "Manufacturers Outlet Store" somewhere in New England. For a week, a fortnight or a month — until the last pair of socks or the ultimate undershirt had been sold — they would pound the drum of ballyhoo and rend the welkin with cries of "It's a bargain! Get 'em while they last!"

So soon did small profits mount up into useful capital that by 1894 the Samuels were ready to set up a home base. They chose Providence as the scene of their metamorphosis from itinerant vendors to established merchants. They opened the last of their long series of "Manufacturers' Outlet Stores" in the first floor of the Hodges Building at 176 Weybosset Street.

To Joseph and Leon Samuels, the store had the one merit they sought in a business location; the rent was low. Over on Westminster Street, where retail establishments clustered between Dorrance Street and the Turk's Head, rents were, in the view of the Samuels brothers, preposterous. They set out to create a new business district, centered about their packing case counters in the Hodges Building.

It was no small ambition, because the block that surrounded them was remarkable for its special character. On one side

of the Hodges Building stood the old City Hotel, built in 1832, where Charles Dickens and other notables had slept; on the other side, cheek by jowl with the new clothing store, was the What Cheer Saloon. Beyond, at the corner of Garnet Street, every door and window of Jacob Wirth's establishment breathed the aroma of good food, spiced with the fragrance of light and dark beer. Down the length of Garnet Street, past the Hofbrauhaus to Pine, reached an unbroken chain of free lunch stations; and so on around the block, along Pine Street and Eddy, the swinging doors flapped hospitably throughout the evening, and the change of seasons was marked only by the transition from hot toddy to bock — with, of course, sloe gin for the ladies.

Into this block, the new store burrowed like a very small worm into a very large apple. First to capitulate was the Hodges Building itself; racks and counters and display rooms occupied all five floors. In 1903, the City Hotel, now entering its seventies, made way for a five-story addition to the store. In 1912, the Hofbrauhaus and its satellite saloons on Garnet Street were razed; the What Cheer was devoured a year later, and even across Pine Street had the mercantile influence spread; in 1914, the Oriental Saloon of curious memory was torn down to accommodate the new ware-

house and garage. Jacob Wirth's foothold on the northwest corner was relinquished in 1917; and soon, the store had a new slogan. "The Square Deal," it announced, "Built a Square Block".

And by this time, it was also entitled to call itself "The Store that Boomed Weybosset Street", because its success had attracted successors; and Providence was endowed with a notable addition to its mercantile district, reclaimed from the morass of night life. By this time, too, the name of the store had undergone an abridgement; in the mouths of its patrons, "The Manufacturers' Outlet Store" had become briefly and briskly the "Outlet" — a place where you bought quality at quantity prices.

That simple rule of thumb — to turn over goods of quality fast, at the lowest possible profit per unit — built the Outlet's big square block. In the nineties, that policy opened up a great local market of customers who had needs they could not easily fill elsewhere because of prevailing high prices. Inevitably, for all their gestures of good will, the Samuels brothers made enemies; when, far from bankrupting themselves with their radical price policy, they extended their market, Providence brewed a mercantile monsoon.

In a sadly confused chapter of local history, the commercial community took steps

to cast out the interlopers. Such pressure was brought to bear, it is said, that local newspapers were induced to refuse the advertising of the Outlet Store. In principle, the manoeuvre was shrewd and decisive; but it was a bitter mistake.

The proprietors of the Outlet had cut their teeth in a school of hard knocks. They retaliated with every device of publicity. Into the "high-rent district" they sent patrols of sandwich men, wearing signboards that shrieked: "It's a bargain! Come and get 'em while they last!"

Debarred from the general press, they published the *Outlet Bulletin*, a weekly paper distributed by their own carriers, with a free circulation of 100,000 — the largest in Rhode Island. And what hurt the opposition most was that the *Outlet Bulletin* was no mere advertising throwaway; it was a crusading newspaper with an editorial policy. It actively took up the cudgel for Outlet customers in the affairs of the day, and its far-reaching tumult helped win the great Free Trolley Transfer Ticket Fight.

Lincoln Steffens, the student of political sleight of hand, published to the nation his version of that contest. A powerful bloc, he says, ruled the Rhode Island street railways at the turn of the century. Greatest popular grievance against their control was that the bloc would permit no transfer

tickets, as in other states, from one street car line to another. For every ride, a full fare was charged; and it was only when the voice of the people screamed the political house down that transfer tickets were introduced. Steffens has reported the amazement of the utility proprietors at the result; more people rode the cars more often, he says, and the over-all receipts were substantially increased. In short, the opposition learned what the Outlet had preached from its inception — that lower prices make more sales, and more sales can make more income.

After the clarification of many issues, an era of friendly co-operation began; cordial relations engendered at that time with press and fellow merchants have grown stronger with the passage of forty years. No one doubted any longer that the Outlet had come to stay; and the longer it stayed, the more closely was it involved with the general interest of the community. Domestically, the management evolved pioneer policies for the well-being of employees; outwardly, the store's publicity — as apart from advertising — reached into fields remote from merchandising.

Perhaps the first, most flamboyant, manifestation of this tendency was the erection of a triumphal arch across Weybosset Street in celebration of Old Home Week, in the

summer of 1907; at high noon on August third, a couple was united in the holy bonds of matrimony on the top of the arch, to the edification of a wedding party some fifty thousand strong. A generation later, with somewhat less fanfare, the Outlet provided an equally impressive arch for the Rhode Island Tercentenary festival.

In the years between, the store had developed a distinct personality as a local institution with the gift of showmanship. It brought to Rhode Island such objects of interest as the Bleriot monoplane, first flying machine to cross the English Channel; and later, it displayed Lindbergh's "Spirit of Saint Louis". When the first transcontinental telephone circuit was completed, Mayor Joseph H. Gainer talked to the Mayor of San Francisco from the office of Joseph Samuels; and in time, from the same office, a message of greeting went to Gordon Selfridge of London over the first transoceanic radio telephone connection. Early in the age of radio, the ticklers of Rhode Island crystal sets quivered with the Outlet's first announcement: "This is Station WJAR"; and a decade ago, the store demonstrated television in one of its show windows.

Small fry of Rhode Island look to the Outlet for periodic glimpses of Wonderland. They have watched the enchanting antics of marionettes in the store's auditorium,

and once they stared soberly at Sepella's dog-team, the huskies, led by Balto, that carried life-saving serum to Nome in far-off Alaska. It was at the Outlet that the children met Alice the Elephant; and when they fell in love with her, Joseph Samuels bought the beast — and gave her to them as a present, in the keeping of the zoo at Roger Williams Park.

All this excitement, and all these contacts with the world outside Rhode Island, are excellent publicity. But they betoken a flair for pageantry that gives pleasure to thousands; and that giving of pleasure, over and above the requirements of everyday shop-keeping, is a unique community service.

Less widely recognized is the fact that forty-eight years ago the founders of the Outlet inaugurated free distribution of coal to needy families in Providence and nearby towns; each Christmas, without interruption for nearly half a century, hundreds have been aided by this worthy tribute to the spirit of the season.

This, too, is a natural concomitant of the Outlet's original policy of service to the many; and the record of the years has proved that the policy, as the founders conceived it in 1894, was entirely valid.

FOR ONE HUNDRED AND TEN YEARS the Phenix National Bank of Providence has been a factor in the forward progress of Rhode Island industry. This present series of short radio talks is being inaugurated as an additional service to the community.

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EACH THURSDAY AT 8:15 P.M. over station WEAN this Bank is presenting the story of a leading Rhode Island business concern. It is hoped that these broadcasts will be interesting and informative, as well as serve as a reaffirmation of our common faith in the free enterprise system.

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THE PHENIX NATIONAL BANK is grateful for the cooperation of the commercial and industrial concerns who have made this program possible. They have offered an important contribution to successful business enterprise. And in their story is contained the romance of Rhode Island industry.