Marc Levinson, The Great A&P and the Struggle for Small Business in America (Hill & Wang 2011)

This book is a compact and highly readable telling of the rise and fall of what was the world’s largest retail corporation. For non-U.S. readers, and those who are too young to remember, A&P was The Great Atlantic & Pacific Tea Company, America’s largest grocery chain for most of the twentieth century.

The author traces the company from its origin as a New York tea merchant in the Civil War era. Its growth into the grocery business and its eventual expansion in a national chain with thousands of stores is intertwined with virtually every innovation in modern marketing and retailing including private label brands, massive advertising, vertical integration, heavy promotion and public relations, self-service stores, narrow profit margins and high volume retailing, and the very concept of the chain store.

As the title suggest, A&P (and others early national chain retailers) posed an existential challenge to the tens of thousands of businesses and the hundreds of thousands of ordinary people involved in the food distribution business in 19th and early 20th century America. There was an extensive, but inefficient, food distribution chain with many layers between food growers and manufacturers and small grocers in urban areas serving a small neighborhood and sometimes only a few blocks of that neighborhood. A&P could literally sell profitably at retail at prices lower than the mom and pop operations could purchase their goods from wholesalers, jobbers, or distributors. In wringing the inefficiencies out of this byzantine system, A&P saved consumers enormous sums and provided a wider array of high quality groceries, but threatened an entire way of life for an important segment of the American economy.

Levinson traces the two main reactions to this threat. The first was a wave of efforts at the state and federal level to enact anti-chain legislation in the form of numerical limits or draconian taxation of the number of stores owned in a particular state by a single corporation as well as fair trade legislation prohibiting discounting at the retail level.

The second threat was the antitrust laws themselves. The immense political influence of small business and the deplorable conditions of the Great Depression led to the enactment of the Robinson-Patman price discrimination laws aimed at A&P and a handful of other large national retailers. Then for over three decades the FTC and the Justice Department would investigate and eventually prosecute A&P for both criminal and civil antitrust violations. These cases, culminating in the 1940s, resulted in convictions, small fines, and the divestiture of A&P’s wholesale brokerage business, but did little or nothing to help consumers or change the competitive conditions of the grocery industry.

Ultimately both the mom and pop grocery store and A&P itself were destroyed by the same forces of changing market conditions and technology. A&P was slow to convert to the larger supermarket format that became the norm after World War II as the United States became a more affluent, more mobile, and more suburban society. Both the small neighborhood grocery store and the larger, but still obsolete, A&P stores tended to be located in less affluent urban neighborhoods and floundered. In 1951, A&P was still America’s largest retailer. By the early 1970s it had all but destroyed itself, something none of the legislative and legislation efforts had accomplished.
The Great A&P is a great work of economic and business history geared for a general audience. Both lay readers and competition specialists will enjoy and benefit from its tale and its lessons for the modern economy.

Spencer Weber Waller
Loyola University Chicago School of Law