

# Inventing Nanjing Road

Commercial Culture  
in Shanghai, 1900-1945

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## Selling Goods and Promoting a New Commercial Culture: the Four Premier Department Stores on Nanjing Road, 1917-1937

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### I

In China, the rise of commercial culture as an ideal to be sought after is strictly a twentieth century phenomenon. To be sure, there were many aspects of commercial culture in late imperial China. Many merchant groups, formed around various locality, commodity and profession-based guilds, played a prominent role in their communities, including, for example, those for the salt merchants in Yangzhou, bankers from Shanxi and Cohong merchants in Guangzhou.<sup>1</sup> The distinctive feature of their presence was their wealth which in turn affected a life style that was very different from the life style of a general population of subsistence peasants. Thus there was a long tradition of conspicuous consumption by many of the wealthy merchant elite. For example, two of the greatest Chinese novels of the late imperial period, *The Golden Lotus* and *The Dream of the Red Chamber*, provide a vivid glimpse of this aspect of commercial culture, for their central characters as well as their authors draw their income and life style from the world of commerce. Ximeng Qing of *The Golden Lotus* was a full-time merchant who enjoyed excellent connections with officialdom. As for the Jia family of *The Dream of the Red Chamber*, its fabulous wealth came from a combination of large landholdings, delegated businesses, official titles, and imperial commissions on state

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1. The most recent study in Chinese and published in ten volumes is *Zhongguo shida shangbang*, ed. Zhang Haipeng (Hong Kong: Zhonghua shujie, 1995). The standard works on guilds are Ho Ping-ti, *Zhongguo huiguan shilun* (Taipei: Xuesheng Press, 1966); Negishi Tadashi, *Chugoku no girudo* (Tokyo: Nihon Hyoronshahan, 1953); and Hosea Ballou Morse, *The Gilds of China: with an Account of the Gild Merchants or Cohong of Canton* (London: Longman, 1919).

industries. Indeed the lavish life style amidst a setting of abundant materialism, as described in *The Dream of the Red Chamber*, has given rise to the expression, "Grannie Liu pays a visit to the Jia family estate, the Daguan yuan."<sup>2</sup> It signifies, in a kind of tongue-in-cheek fashion, the rustic bumpkin who is totally befuddled by his or her first encounter with the opulent life style of the rich.

Throughout traditional China, such a display of materialistic excesses was often castigated by the official Confucian ideology. Even though there was a clear understanding that an active and prosperous political economy was a primary concern of the state, Chinese officials continued to repeat the formulaic observance that the merchant's profession represented *moye* (non-essential occupation). Commercial culture remained suspect while those elements which emphasized consumption-driven materialism were tolerated only in certain commercial enclaves such as Suzhou and Shanghai.

Around 1900, several elements came together to effect changes in perspective on commercial culture. The first element was China's political weakness vis-a-vis the West during this period. It led many influential reformers, from senior officials like Li Hongzhang to influential scholars like Liang Qichao, to promote modern commerce and industry as a means to gain wealth and power for the state. Liang, whose influential writing as late as 1896 was still denigrating merchants for being "subversive, manipulative and monopolistic," changed his attitude rather dramatically so that by 1902, he was effusively lauding the same Chinese merchants for being "industrious, frugal and entrepreneurial." Liang argued that his age was a Darwinian age in which only the fittest would emerge victorious; his aim was to raise support for his compatriot merchants in their "commercial warfare" (*shangzhan*) against their Western counterparts. To the extent that that struggle succeeded, China would become stronger and closer to modernity. In this roundabout way, Chinese merchants and their activities which formed part of the commercial culture were given a re-evaluation of status and social meaning.<sup>3</sup>

A second element that promoted a positive attitude towards commercial culture was the growing prominence of the Western controlled settlements in Shanghai and Hong Kong during the second half of the nineteenth century. The leadership role Western merchants played in the community as well as their collective wealth, symbolized by their firms' grand edifices along the

Bund in Shanghai, elevated the social status of their profession. The changes they brought with them, however, were not limited to Western-style buildings, but also extended to other material objects of two main types: wide boulevards, piped-in water, gas-lit street lamps, electricity and the telephone that qualitatively transformed the nature of municipal amenities, and new articles of daily necessities that included soap, face towels, machine-made sewing needles, perfumery and cosmetics, knitted stockings, glasswares, oil lamps and mechanical clocks.

These new objects of Western material culture, most of which were the products of the West's recent technological breakthroughs, were introduced or imported in rising quantities to Shanghai and Hong Kong from the 1860s or the 1870s on.<sup>4</sup> When they were combined with the newly installed institutions and rules of municipal governance, the most stunning transformations to both the physical setting and urban living occurred. No less than the Confucian scholar and radical reformer, Kang Youwei, noted in his diary that he was greatly impressed by what he saw in the same two cities while visiting them during the 1890s. But not even his perspicacious observations could have prepared him for the fact that for the next hundred years, similar artifacts of Western material and consumer culture would do more to transform China's modernization than all of the West's political and military interventions put together.

By the late 1890s, Shanghai's population in the International Settlement was about 350,000, having overtaken the size of the Chinese city to the south.<sup>5</sup> It had also become much more prosperous as wealthy Chinese gravitated to live there. They did so not just as a haven from political strife, but more importantly in order to enjoy the better living conditions provided by more accessible shopping and greater range of theaters and other forms of entertainment.<sup>6</sup> For by 1900, most of the larger establishments selling fancy domestic goods, as well as the new imported items mentioned earlier, were all concentrated inside the International Settlement, near or on Nanjing Road. Older shops of prominence which had established themselves in the Chinese city had also moved to or opened up branches in the new area. As a result,

2. *The Story of the Stone: a Chinese Novel by Cao Xueqin in Five Volumes*, Vol. 1, "The Golden Years," tr. by David Hawkes (Harmondsworth, England: Penguin Books, 1973), 150-166; esp. 157-160.

3. Cf. Wellington K.K. Chan, *Merchants, Mandarins and Modern Enterprise in Late Ch'ing China* (Cambridge, Mass.: Harvard University Press, 1977), 29-33, 39.

4. On the new articles and their rapid increases, see *Shanghai jindai baihuo gongsi shangye shi* (Shanghai: Shanghai Academy of Social Sciences Press, 1988), 4-5. Note, for example, that the import of Western-style machine-made needles rose 12 times, from 207,000 dozen in 1867 to 2,422,000 dozen in 1894.

5. *Shanghai gonggong zujie shigao* (Shanghai: Renmin chubanshe, 1980), Tables on pp. 12-13. The standard work on Shanghai's changing population is Zou Yiren, *Jiu Shanghai renkou bianqian di yanjiu* (Shanghai: Renmin chubanshe, 1982).

6. Cf. *Shanghai yanjiu ziliao* (Shanghai: Shanghai shudian, 1984; original edition by Shanghai tongshe, 1936), 559, 566.

several smaller streets and lanes, or sections of larger ones, formed clusters of shops selling common lines of specialized goods, such as drapery, footwear, hats, as well as those, like millinery and hosiery, that catered exclusively to ladies' fashions.<sup>7</sup>

The third element that brought forth a new view about commercial culture is closely related to these new shifts in the physical layout and socioeconomic tempo of the foreign concessions. The new objects of material culture imported from the West, however, did not by themselves cause a re-evaluation of commercial culture. What led to it was the way these new objects were introduced and marketed. The initial inspiration came from Western merchants who, by aggressively forcing Chinese ports to open to their goods, introduced many structural and functional changes to the manner in which the Chinese market conducted business. As his book title, *The Commercial Revolution in Nineteenth-Century China: The Rise of Sino-Western Mercantile Capitalism*<sup>8</sup>, suggests, Yen-p'ing Hao argues that these changes constituted a "commercial revolution." They ranged from the simple offering of credit and discounts on goods taken in by Chinese wholesalers to the much more complex introduction of new forms of corporate and financial institutions and services, new types of transportation, market information and insurance.

There were also new ways of marketing and retailing goods, such as holding public auctions after publicizing them through newspaper advertisements, running holiday sales, and sprucing up the shopping area with elegant displays of goods and friendly service. For by the early 1900s, there were several Western-owned and -run modern style department stores, including Hall & Holtz and Weeks & Company in Shanghai, and Lane Crawford in both Shanghai and Hong Kong.<sup>9</sup> And even though these stores catered almost exclusively to the Western clientele, observant Chinese retailers were aware of these practices. But in this one area of marketing, it appears that Chinese retail shopowners were quite reluctant to adopt any of these Western practices. When the change finally arrived, it came from a different group of Chinese merchants. And with it also came the cultivation of a new attitude towards goods, services and consumption.

7. Du Zhensheng, *Haipai shangye wenhua yanjiu* (Shanghai: Shanghai Academy of Social Sciences Press, 1995), 26-30; Yao Gonghe, *Shanghai xianhua* (Shanghai: Guji chubanshe, 1989; original ed. 1917), 27-29, 66-67; *Shanghai jindai baihuo gongsi*, 22, 29.

8. (Berkeley: University of California Press, 1986)

9. Nicholas R. Clifford, *Spoilt Children of Empire: Westerners in Shanghai and the Chinese Revolution of the 1920s* (Hanover, NH, and London: Middlebury College Press, 1991), 62.

## II

A long distinguished tradition of doing retail business, coupled with the growing prosperity of Shanghai's International Settlement, most likely made the traditional retailers less prepared to look to Western models for adoption. After all, several had beginnings stretching back to the older Shanghai of the pre-treaty port era. Even then, in around 1840, Shanghai had an urban population of over 200,000, and within its walled city, there were some 30 merchant-run native place guilds (*huiguan*) and common trade associations (*gongsuo*), making it one of the 20 largest cities in the country. Indeed, since at least the late Ming period, it has become one of China's major commercial centers, so that those merchants who were able to establish themselves in Shanghai became some of the best, or proved they could compete successfully with the best, in traditional China.<sup>10</sup> Moreover, the old way of retailing was in several aspects quite contrary to the Western way. For example, Western shop owners advertised liberally in newspapers to announce new and existing stock and provided glowing descriptions to enhance customers' interest. On the other hand, until the mid-1910s, only a few of their Chinese counterparts would place similar ads in any newspapers. It appears there was general belief that such publicity would only debase the good name and the value of any high-quality product. Thus, the only commercial items regularly advertised in the local Chinese newspapers were theater announcements and the exaggerated claims on the therapeutic effects of various medicinal pills.<sup>11</sup> For the same reason, high-priced goods were not openly displayed, but kept in locked cabinets upstairs, access to which was limited to properly introduced and wealthy patrons. Finally, because all the larger "retail" establishments in the International Settlement continued to rely on wholesale goods for the bulk of their total sales, the pressure to overhaul retail practices along Western lines was further reduced.

Turning that climate around took risk and vision. One group of entrepreneurs who made the greatest impact was led by three pioneers, Ma Yingbiao, Guo Luo and his brother Guo Chuan, and several of their associates, including Liu Xiji, Li Minzhou, Cai Xing and Cai Chang. Between 1917 and 1936, they opened four large-scale modern department stores on Nanjing Road in Shanghai that became the four premier stores of that type in all of China: The Sincere Company, Ltd. (1917) by Ma, The Wing On

10. Linda C. Johnson, *Shanghai: From Market Town to Treaty Port, 1074-1858* (Stanford: Stanford University Press, 1995), 8-9, 96-101, 111-16, 119-21.

11. Yao Gonghe, p. 136. Also see Ping Jinye and Chen Ziqian, "Shanghai guanggao shihua," in *Shanghai difangshi ziliao*, No. 3 (1984), 132-41.

Company, Ltd. (1918) by the two Guo brothers, The Sun Sun Company, Ltd. (1926) by Liu and Li, and the Dah Sun Company, Ltd. (1936) by the two Cais. One other common element among them is that they all came from neighboring villages in Zhongshan County of Guangdong Province which, being next to Macau, exposed them and their families to generations of Western influence. Indeed, all had gone to either Australia or North America to seek a living before returning to China. Many other Zhongshanese who did not go overseas worked for Western firms as compradors, including some very prominent ones like Tang Tingshu (Tong Kong-sing), Xu Run and Zheng Guanying. Their common native place origin as well as similar work experience created a social network which not only offered them mutual support in Shanghai and Hong Kong but also sharpened their particular perspective on how consumer products should be presented and what role they should serve.

What general concerns motivated this group's pioneers and what could they do to help ratify them? They started out with a twin set of concerns: that China's political and economic position was extremely weak, and that Chinese merchants ran small businesses and lacked knowledge of the outside world's economy. Ma, in his preface to the *Twenty-Fifth Anniversary Commemorative Issue of the Sincere Company*, thought that Chinese merchants were "too obstinate and set in the old ways," and that they "behaved like pedlars" when making business decisions. In their separate autobiographies, Guo Luo and Guo Chuan expressed very similar sentiments. Guo Chuan added that it was only after some Chinese, like himself, had gone overseas to make a living that they became aware of the existence of the large-scale business organization and strategies practised in the West. He was particularly impressed by the knowledge and training Western corporations provided for their salespeople, and he observed ruefully that by contrast, Chinese salespeople

usually have no training. When they serve customers, they would only answer what they are asked, and do not care if they make any sales. Furthermore, they dislike anyone who picks and chooses, their displeasure and surly looks clearly showing in their voices and facial expressions.<sup>12</sup>

12. *Xianshi gongsi ershiwu zhounian jinian ce* (Hong Kong, 1925), section on "Record," 1-2; Ma Yingbiao, "Jiating biji," (Unpublished ms.) (n.p., n.d.); Guo Luo, *Huiyi lu* (n.p., n.d.), 6-7; Guo Chuan, *Yong'an jingshen zhi faren ji qi changcheng shilue* (n.p., preface, 1960), 24-25.

As for their prescriptions, on one level, what they offered was firm and quite straightforward. It was also rather similar to the *shangzhan* arguments advanced earlier by Liang Qichao and others: China would regain its national strength if Chinese businessmen would establish large-scale enterprises and modernize their organization and practices in order to compete successfully in the international market. But on the more personal level, they were much more tentative, especially as to how they themselves could contribute towards relieving those concerns. For they realized that they had little resources and no real political influence. What they had, however, were some strongly held ideas which they hoped to use to start a new kind of business.

Ma Yingbiao was the first among his group to have an opportunity to put his ideas to the test. And he quite openly acknowledged where his ideas came from and how they had influenced him. The official record of the company's early years reports it this way:

When Mr. Ma was in Sydney, Australia, he saw a fixed one-price department store. Its employees numbered several thousands, and its annual receipts from sales grossed in the millions and billions. When he examined its history, he learned that its owner had started as a pedlar. After he had set up the fixed, one-price store, it expanded so rapidly that in less than 30 years, its shopping floors covered several tens of *mou* [Chinese acres]. Goods from all over the world were displayed with exquisite elegance and glitter. At this time, Mr. Ma had already established the Wing Sang Company, and had frequent business relations with that department store. He was thus able to examine the pattern of its organization and the nature of its operations. He kept them in his mind, assuring himself that if he were to return to China, he would adopt and make use of them to blaze a trail of color and wonderment to the business community. Consequently, today's Sincere Company is modeled after that department store.<sup>13</sup>

13. *Xianshi gongsi ershiwu zhounian*, section on "Record," 1. Ma's account, based on his own recollections, exaggerated the size of the Sydney department store. Horderns, which was the largest of that era, had less than 1,000 employees and perhaps 2 acres of total floor space. At 6 *mou* to an acre, Ma's estimate would again have made the Sydney store at least 2-3 times larger. Finally, the annual receipts, too, must have been far smaller. I am grateful to Professor John Perkins of the University of New South Wales, Sydney, for providing these corrections.

The fixed, one-price department store model which had so inspired Ma was Sydney's largest and highly organized department store, Anthony Hordern & Company. In 1899, having returned to China several years earlier, Ma successfully persuaded eleven other fellow Zhongshanese to form a partnership with him in Hong Kong for a small, modern-style department store. Like him, they had returned to Hong Kong after having worked in or managed businesses in Australia. Ma turned the ideas he had borrowed from Anthony Hordern into four guiding principles: 1) to procure the best consumer goods available and to sell each of them at a fixed price; 2) to display all goods openly and tastefully, in elegant glass counters and carefully groomed surroundings; 3) to offer friendly and courteous service; and 4) to design a rationally planned and clearly articulated corporate organization.

In 1900, with rather modest capital of 25,000 Hong Kong dollars (HK\$)<sup>14</sup> and 25 employees, Ma rented a 2-store front and two floors in mid-town Hong Kong and launched the Sincere Department Store. The store's paid-up capital, the number of clerks and salespersons, its physical size and even its location on Queen's Road, Central, Hong Kong, were all quite comparable with those larger retail stores on or around Shanghai's Nanjing Road discussed earlier. Both sold similar kinds of goods as well—imports, upscale fabrics, head and footwear, cosmetics, foodstuffs, household utensils and small appliances, arts and crafts, and the like—although the Shanghai ones were still using the old-fashioned name called *Yangguang zahuopu* (lit. Western and Guangdong miscellaneous goods shops).<sup>15</sup> But by keeping firm to Ma's ideas, the Sincere store in Hong Kong was a very different operation from any of the Shanghai counterparts. First, during the first three years, the store had several mishaps: some through natural causes, like the typhoon which blew off part of the store's roof; others because he had to fight hard to keep to his principles, including his insistence to abide by the fixed, one-price items, to issue receipts for every transaction, and to provide elegant display of various items for sale. Second, his refusal to allow any haggling over prices and his methodical tracking of inventory through written receipts and detailed bookkeeping scared off many traditional brokers who were too set in their ways. Finally, there was the rather lavish spending on a large number of glass counters, on elegant displays and for creating a pleasing ambience in the shopping area, so much so that they cost most of his working capital when the store was opened for business.<sup>16</sup>

14. The Hong Kong dollar was worth half of the U.S. dollar.

15. *Shanghai jindai baihuo gongsi*, pp. 12, 21, 27.

16. *Xianshi gongsi ershiwu zhounian*, section on "Record," 1-2.

The Sincere department store's first three years were therefore very difficult years. But Ma's perseverance paid off. The business turned profitable from the fourth year on. Profits mounted up quickly; and as earnings were plowed back and new investors joined in, Ma reorganized the partnership into a corporation under Hong Kong's British law, moved to larger quarters, then by 1910, opened a newer and bigger store with its own capital in Guangzhou. By this time, the Guo brothers, having learned of Ma's successes, had also returned to Hong Kong from Australia and, with the help of other returned Zhongshanese, set up their own partnership to launch a similar kind of department store which they named Wing On (or Yong'an in Mandarin Chinese). Success followed quickly, for the Guos seem to have learned from Ma's mistakes, so that Wing On was able to follow Sincere very closely in time with similar steps of corporate reorganization and expansion.<sup>17</sup>

One measure of their remarkable success is that by around 1912, both companies had accumulated very sizeable paid-up capital of about HK\$600,000 each. Such a fast-paced growth, from Sincere's HK\$25,000 in 1900 and Wing On's HK\$160,000 in 1907, would have been quite extraordinary under any circumstances. For China in 1912, it meant that they had far outpaced not only those large retail shops in Shanghai, but also all other Chinese-owned commercial enterprises that conducted most of their business at the retail level. Yet, within half a dozen years—by 1917 for Sincere and 1918 for Wing On—they outdid themselves again by successfully raising HK\$2 million each for their newest project, which was to open two very large department stores on Nanjing Road in Shanghai. They accomplished this by registering themselves as public companies with the British authorities in Hong Kong and Shanghai, thus allowing them to openly solicit public subscription of their company stock. Of the HK\$2 million that each company successfully raised in this way, about 25 percent came from internal self-financing, from retained earnings of their Hong Kong and Guangzhou operations, as well as from the distributed dividends of the original shareholders. Practically all the rest came from several thousand small contributors who were fellow Zhongshanese either living abroad or, having returned, residing in Zhongshan, Hong Kong or Shanghai. It was also the largest public subscription of capital up to that time for commercial projects.<sup>18</sup>

17. *Xianggang Yong'an gongsi ershiwu zhounian* (Hong Kong, preface, 1932), section on "History."

18. The comparable figures in paid-up capital for another major Chinese-owned company, the Nanyang Tobacco Company, were 100,000 Chinese yuan (Ch.Y) in 1912, Ch.Y 978,000 in 1916, and Ch.Y 2,700,000 in 1918. This company, however, combined both factory production and retailing while all the stock was owned by Jian Zhaonan and his family.

Elsewhere I have analyzed the strengths of Wing On's and Sincere's organization, the founders' personalities and their team spirit as reasons for their success.<sup>19</sup> However, there is one other reason that needs to be discussed, and that was their ability to create, and then exploit, a new market. They did this by presenting a full array of high quality and attractive consumer products in a readily accessible fashion, and fostering cultural values that supported the desire for their acquisition and use.

The success of their Hong Kong and Guangzhou stores proved to Ma and the Guo brothers that there were consumers out in the marketplace who were willing and able to buy such goods, especially if they were able to create a pleasing ambiance to attract these potential consumers' interest, so that more of them would come into their stores and be treated with attentive and courteous service. Their next move to build even larger department stores on Shanghai's Nanjing Road then followed logically. For they realized that the pool of potential customers in Hong Kong and Guangzhou was quite limited, especially when compared to Shanghai's. By this time, in the mid-1910s, Shanghai had become China's chief metropolis with the largest number of national and international wealthy businessmen, gentry-officials and other potential consumers of department store goods. Furthermore, because Western influence was most dominant there, Shanghai also claimed to have the latest fashion and cultural fads, the newest movie theaters, the largest circulation of Chinese newspapers, journals and other forms of public media, as well as the most cosmopolitan spirit. If they had to look for a place in all of China where their new ideas about consumer products and how they should be presented for sale and might have the greatest chance of being accepted, Shanghai would be the best choice.<sup>20</sup> Finally, Ma and the Guo brothers, with their Hong Kong, Guangdong, and Australian backgrounds, felt quite at home in Shanghai's International Settlement, because they would be operating under British law and because of the presence of long established Guangdongese merchants and politicians already there.

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Between 1900 and 1929, the ChY and the HKS were worth about the same, while their exchange rates with the USS were also quite consistent, at about ChY 2 (or HKS2) for each USS1. Only the years from 1917 to 1920 saw the ChY worth much higher, at about ChY 1.20 for each USS1. On Nanyang Tobacco's capitalization, see Sherman Cochran, *Big Business in China: Sino-Foreign Rivalry in the Cigarette Industry, 1890-1930* (Cambridge: Harvard University Press, 1980), 79, 101.

19. Wellington K.K. Chan, "Personal Styles, Cultural Values and Management: The Sincere and Wing On Companies in Shanghai and Hong Kong, 1900-1941," in *Business History Review*, Vol.70, No.2 (1996), 141-166.

20. Du Zhensheng, 30-31.

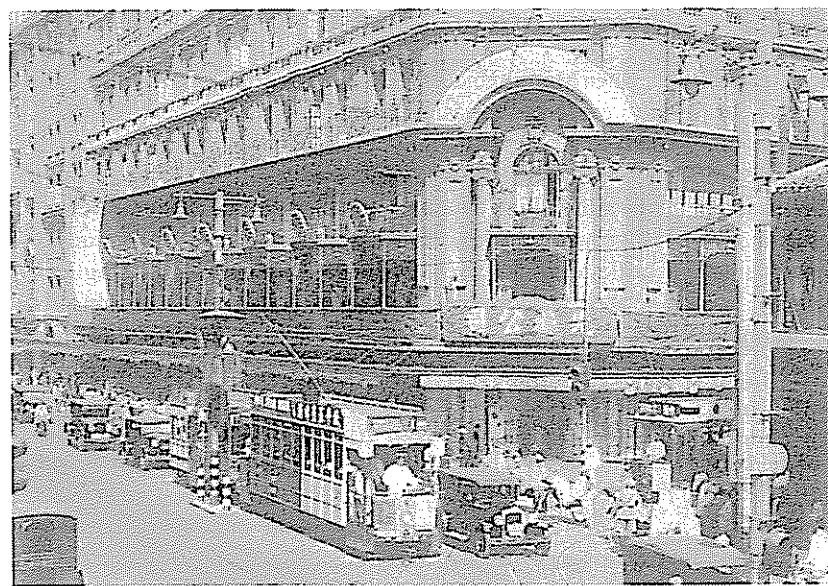
### III

Around 1915, when Ma Yingbiao, followed soon afterwards by Guo Luo, went to Shanghai to explore the feasibility of setting up their largest stores there, Nanjing Road proper—nearly 2 miles in length between the Bund along the waterfront on its eastern end and Tibet (Xizang) Road on the western end—had not yet become China's mecca for shopping and fashion. But the general area was growing rapidly, especially after the introduction of Shanghai's first trolleys which, by 1908, were running the full length of Nanjing Road. The area, anchored as it was on its eastern end and along the Bund by dozens of Western financial, commercial and governmental establishments, had already attracted many Chinese businesses of all types, while in 1915 its western end seemed to be marked off by the opening there of China's largest amusement park, the New World (Xinshijie). In between the two ends, sections of Nanjing Road, especially those between Henan and Fujian Roads, had developed clusters of the large retail shops discussed earlier. Close by, in several smaller streets around the intersection between Nanjing and Jinling Roads, there were many commercial houses specializing in wholesaling. Then, just a short distance to the south, along sections of Fuzhou Road, clusters of literary and artistic establishments had sprung up since the late nineteenth century. They included art galleries, print shops, stationeries, some specializing in different kinds of rice papers, antique shops and bookstores, as well as more modern offices and printing presses of the Commercial Press and Shanghai's oldest Chinese newspaper, *Shenbao*. There was no mistaking that the entire area, with several intersections along Nanjing Road serving as hubs, was bubbling with commercial and cultural activities.<sup>21</sup>

But there were also sections of the street that were relatively undeveloped as, for example, the section to the west around its intersection with Zhejiang Road. And it was this area, amid dozens of small neighborhood stores and roadside eateries, that Ma and, several months later, Guo as well, chose to locate their future stores. They did so partly out of necessity, for the size of land they needed, between 1 1/2 and 2 acres each, was simply not available (or if available, prohibitively expensive) in the more developed part of this compact area. But they also selected their locations only after careful analysis of the neighborhood, traffic patterns and future potentials. Thus, Guo Luo made his choice only after he had two of his men, one standing on the north

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21. Du Zhensheng, 32-33. Strictly speaking, Nanjing Road starting from 1865 had been extending westward to about double its original length. This is the section known today as Nanjing xi (Western Nanjing) Road. During this period, however, this section was not yet commercialized.



1.1. The Sincere Company opened in 1917 and is shown here in the 1920s at the corner of Nanjing Road and Zhejiang Road. *So—this is Shanghai* (Shanghai, 193?), [14].

side, the other on the south side, of the Nanjing Road directly in front of the selected site so that they could report back to him the number of people walking by on each side of the street during several given times of a normal work day. He then decided on the south side because not only did it have more pedestrians, it was also more accessible to the high income residents from the French Concession area nearby.<sup>22</sup> Earlier on, Ma, too, had apparently made similar surveys of the traffic flow around his site.<sup>23</sup>

Nanjing Road took off soon thereafter. As Sincere and then Wing On opened their doors ten months apart during 1917 and 1918, many other commercial establishments, spurred on by the massive multi-story buildings each was constructing, were also moving in. By 1918, the *Shanghai Commercial Register* reported that there were 341 commercial establishments

22. *Shanghai Yong'an gongsi di chansheng, fazhan wo gaizao* (Shanghai: Renmin chupenshe, 1981), 13-14.

23. Mai Guoliang, "Xiangshan jiren chuanban di sidaigongsi," *Zhongshan wenshi*, No. 17 (1989), 86-88.

on Nanjing Road. In the following year, when a traffic survey was taken to find out how many pedestrians and vehicles passed through the intersection of Nanjing Road and the Bund each day, the result was rather astounding. It counted 145,000 pedestrians, 66,100 rickshaws, 7,700 carts, 5,100 automobiles, 3,200 horse-driven carriages, 1,560 streetcars, over 10,000 bicycles, and an uncounted number of motorized carts and trucks.<sup>24</sup> Since the combined population of the International Settlement and the French Concession at the time was about 1 million, that intersection was unquestionably the busiest in Shanghai. By around 1920, Nanjing Road had arrived.

The arrival of Sincere and Wing On was the critical event that turned Nanjing Road into China's shopping mecca. On its opening day, Sincere's four floors of shopping areas, 300-plus salesmen and over 10,000 items of consumer goods, the majority of which came from Europe, Japan and North America, attracted an unprecedented number of more than 10,000 shoppers. It was then followed by Wing On's opening, which was even bigger and grander in all respects: five floors of shopping areas making up 10,000 square meters of floor space, 400 sales assistants displaying an even greater array of goods. It also counted more shoppers, in part because for fourteen consecutive days prior to the opening, it blanketed the local Chinese newspapers with full-page ads about its gala inaugural. This type of advertisement, both in terms of purpose and scale, was the first of its kind. It again demonstrates the Guo brothers' fresh approach and daring vision in presenting their goods. And Wing On's customers rewarded them by buying up more than Ch.Y 10,000 of goods each day, so much so that the company's initial inventory was more than half depleted just after the first 20 days of opening. Guo Luo had expected it to last a whole season. Indeed, Wing On's receipts from its daily sales amounted to what a medium-sized traditional retail shop normally grossed in one full year.<sup>25</sup>

Two more department stores followed the pattern initiated by Sincere and Wing On—in terms of organization, size, the range of goods and services, and the style of selling them. Liu Xiji, the initial organizer of Sun Sun (Xinxin in Mandarin Chinese) & Company, opened the next one on Nanjing Road in 1926. A former senior manager of Shanghai's Sincere Company and a long time associate of Ma Yingbiao with ties going back to their sojourn days in Australia, Liu broke with Ma after they disagreed over the way dividends and bonuses were distributed between the Hong Kong and Shanghai operations.

24. Du Zhensheng, 34.

25. *Shanghai Yong'an gongsi*, 16-18; *Shanghai jindai baihuo gongsi*, 103-05.



With the help of fellow Zhongshanese—led by one returnee from Australia, Li Minzhou, and two Hong Kong bankers Li Yutang and Li Xingqu—the new company raised Ch.Y 3 million so as to have a similarly impressive building and shopping area as the first two. However, the lack of cooperation among its senior directors and managers, as well as its inability to find sufficient working capital, crimped their style and expansion.

Sun Sun was also hurt by starting at a time of market turbulence and labor unrest in Shanghai. Repeated patriotic campaigns to boycott Western and Japanese goods forced all three department stores, which prided themselves on their slogan as “universal providers,” to make adjustments. Wing On, with its usual deftness, took advantage of its top reputation to sign up the greatest number—over 70 by around 1930—of exclusive contracts with the stronger and better domestic manufacturers. Then, by providing the latter with samples of the latest fashions from overseas and by sending its own technicians and designers to assist them, Wing On also worked out a very effective system of cooperation with their suppliers. The result was mutually beneficial, for Chinese manufacturers would produce better quality and more stylish goods which, in turn, would yield higher sales at Wing On’s shopping counters. On the other hand, Sun Sun having far less experience, prestige and contact, had a more difficult time in finding good domestic suppliers. The quality and variety of their goods suffered almost from the very beginning, and as a result, Sun Sun never quite recovered from the image of being a less upscale operation with goods commanding lower prices than those at either Wing On or Sincere.<sup>26</sup>

The last of the four premier department stores on Nanjing Road, The Dah Sun (Daxin in Mandarin Chinese) & Company opened its doors quite late, in 1936, when Nanjing Road’s halcyon days had already passed. When planning for it was first attempted in about 1930, however, Nanjing Road’s reputation as China’s premier center for high fashion and conspicuous consumption was at its height. And given Wing On’s and Sincere’s continuing success, there was considerable appeal for other well-connected entrepreneurs to start yet another premier department store to compete with them. The Dah Sun team, led by Cai Xing and Cai Chang, had impressive credentials. Besides being Zhongshanese, both Cais had long experience in the department store business. Cai Xing had teamed up with Ma Yingbiao since their Sydney days, and for several years, had served as chairman of the Board of Directors of the Sincere Company. Cai Chang and his brother Cai Cong, on the other hand, had

been operating Dah Sun as a smaller department store in Hong Kong and in Guangzhou since the 1910s.

The decision to expand their operation to Shanghai and onto Nanjing Road was made only after they formed the alliance with Cai Xing, whose Sincere connection made him knowledgeable about the Shanghai market, and after they were able to enlarge their capital to HK\$6 million, they realized that in order to compete successfully as a major department store on Nanjing Road, they had to be able to offer the kinds of enticements that the other three premier department stores were providing so skillfully. Thus, Dah Sun too had to look for a prime location to build its own building. They found it on the intersection of Nanjing and Tibet Roads, and when they turned the site into a 10-story Western-style building, it became the tallest of the four stores. To attract consumer interest and excitement, it introduced several new features not found in the other stores. For example, it installed the first escalator in Shanghai to service the first three floors of the shopping area, it boasted the first extensive below-street-level basement shopping arcade, and it was also the first store to have all its shopping floors centrally heated in the winter.

All this, strictly speaking, was not new. Back in the early 1910s, both Sincere and Wing On were the first retail stores to install elevators in their Hong Kong and Guangzhou buildings to attract shoppers’ curiosity. Wing On’s Shanghai store then put in the first neon lights, while Sun Sun’s firsts were air-conditioning its building and setting up an in-house broadcasting station, called the Crystal Station, to play music and to announce sales and specials. Nonetheless, Dah Sun’s aggressive style and new look during the first few years, as well as its good relationship with Shanghai’s political elite, propelled it to an early success, and gave it a reputation as being second in rank to Wing On.<sup>27</sup>

#### IV

When the Sincere and Wing On department stores started their operation on Shanghai’s Nanjing Road selling all manner of consumer goods—from daily necessities in foodstuffs, in piece goods and clothing, in appliances and household items, to luxury items such as jewelry, cosmetics and upscale imports, etc.—they did not invent a new desire for material things or create some new ideal of acquisitiveness. The yearnings for possession and consumption were strongly embedded in traditional Chinese culture even if

26. For Sun Sun, cf. Li Chengji, “Xianfu Li Gong Minzhou yu Shanghai Xinxin [Sun Sun] gongsi,” *Zhuanji wenxue* Vol. 35 No.5 (1979), 98-108; on the issue of the movement for domestic manufactured goods and its impact, cf. *Shanghai jindai baihuo gongsi*, 145-49.

27. Li Chengji, “Shanghai sidabaihuo gongsi,” *Zhuanji wenxue* Vol. 49, No. 5 (1986), 45-50; and Tu Shiping, *Shanghai shi daguan* (Shanghai: Zhongguo tushu bianyi guan, 1948) 81-84.

they were ideologically frowned upon. It might even be argued that these yearnings are part of a universal ideal shared by people everywhere throughout history.<sup>28</sup> What they, and following them many other retailers, accomplished on Nanjing Road during the next decade or two was to promote these basic wants as legitimate ideals and to make them far more accessible. In the process, they helped provide new contents, meanings, and perspectives in forming a modern Chinese commercial culture. And while other parts of China might express the various parts of their commercial culture somewhat differently, as each region would be influenced by its own history and local traditions, Nanjing Road's fashions, as well as its quality of goods and of service, set the standards for the entire nation.

There seems to have been several common themes which all four department stores practiced in trying to articulate a new commercial culture that they knew they had a stake in propagating. First was the unabashedly open acknowledgment of Western models which they followed in cultivating legitimacy and acceptance of the new commercial culture. The arrival of Sincere and Wing On in Shanghai during the middle years of the 1910s coincided with a period when the Western presence there symbolized modernity much more than oppression. The boycott against American goods, first begun by Shanghai merchants, took place in 1905 and memories about it had dimmed. China's humiliations at the Treaty of Versailles and the series of national campaigns against foreign goods had yet to come. Thus, Ma Yingbiao and Guo Luo were able to project themselves as harbingers of cultural and material progress when they closely identified their corporate entities and their practices with Western models. And nowhere was this more obvious than in the physical form they used to present themselves to the public.

Both Ma Yingbiao and Guo Luo went to great lengths to design and construct the two buildings which would provide space for shopping and for corporate headquarters on Nanjing Road. Sincere's 5-story structure, topped by a 3-story clock tower, was nicely matched by Wing On's 6-story structure and an equally impressive tower on its roof. Not only did they dwarf all other buildings in the neighborhood, they also looked decidedly different from all the other Chinese commercial buildings in the general area. For while the latter were arranged in rows of 2- and 3-story buildings with just touches of Western architectural influences, the Sincere and Wing On buildings were pure Western monuments, in the same Beaux Arts style which was then popular with Western commercial and public establishments along the Bund in Shanghai and in Hong Kong's central district. Thus, Wing On's 1918

28. Cf. William R. Taylor, ed., *Inventing Times Square: Commerce and Culture at the Crossroads of the World* (New York, 1991) for a similar conclusion.

building, with its distinct lintels, Italianate columns, and French mansard roof, looked strikingly similar to the Jardine House building which was completed just 10 years earlier in Hong Kong by the British architecture firm Palmer and Turner.<sup>29</sup> Although existing sources on Wing On are silent as to who the architect was, it is likely that the Guo brothers turned to the same architects to make their building look closely like the building housing Jardine, Matheson & Company, the premier British firm in Hong Kong. Moreover, commissioning a grand edifice for the shopping floors of a modern department store was in the tradition not only of Anthony Hordern in Sydney, but also of Rowland H. Macy in New York and of Aristide Boucicaut in Paris. As these Western counterparts intended their building monuments to be veritable cathedrals of material culture, the managers of the four premier department stores in Shanghai also made similar symbolism out of their own buildings to exalt their own institutions and practices.

Second, closely related to the grand physical form was the use of space for the display of all types of goods in rich abundance. There was a relentless search for marketing strategies to enhance the appeal of goods displayed and to expose them to the greatest number of potential customers. And most of these strategies centered around enticements through attractive window or glass case displays, carefully crafted ads, seasonal sales, lead items at below cost, and most important of all, courteous service. This is reflected in the several examples discussed above.<sup>30</sup> They also became a rationale for the many subsidiary businesses each company expanded into from their early days. This involved having the upper floors of their buildings, and in some cases adjacent buildings, turned into hotels, restaurants, night clubs and, for most of their rooftops, entertainment gardens. All these establishments provided added opportunities to attract more potential customers to their shopping floors and arcades.

A third theme dealt with the subtle cultivation of a new ideal: that of acquiring and consuming material goods tastefully as an intrinsic part of

29. For a comparative viewing, see their respective photographs reprinted in the following two volumes: *The Thistle and the Jade: A Celebration of 150 Years of Jardine, Matheson & Company*, ed. by Maggie Keswick (London: Octopus Book Ltd., 1982), 200-201; and He Wenxiang, *Xianggang jiazushi* (Hong Kong: Mingbao chubanshe, 1992), 247.

30. Some of these changes, e.g., use of ads, display windows, fixed pricing, sales, etc., are discussed by Yuan Zijiang, "Ershiwunian lai Zhongguo shangye zhi bianqian," in *Xianshi gongsi ershiwuzhounian*, 91-98. On comparable strategies, some of which occurred in America only a decade or less before they were practiced in Hong Kong or Shanghai, see William Leach, *Land of Desire: Merchants, Power, and the Rise of a New American Culture* (New York: Pantheon Books, 1993). I am indebted to Sherman Cochran for bringing this fascinating study to my attention.

modern living and a validation of one's high social standing. Thus, there was all the meticulous concern with how goods were displayed and presented as well as the claims that the goods themselves were the best and latest in design and fashion that could be acquired anywhere. When Wing On's merchandisers were not in London, Paris or New York tracking down the latest fashion items and signing up exclusive rights to sell in China, they would be consulting with their own designers in Wing On's textile mills and dyeing factories to bring to their own sales counters the newest and the largest selection of cotton fabrics based on colors, patterns and grades. The large glass window and counter displays were also clear expressions of this new cultural ideal: that it was proper, and indeed, something to be publicly trumpeted, to be seen buying and wearing these high quality and high priced material goods. This led to the use of newspaper and magazine ads using culturally refined poetic expressions to introduce the fine characteristics of various goods and to include photographs and artistic sketches to give a pleasing visual image. Finally, there was the use of brand names to attract loyalty and accent the social status of their users. To drive home that healthful modern living was intrinsic to this material culture, the department stores presented a full array of cosmetics, toiletries, as well as simple items of daily necessities like toothpastes, tooth brushes, face and bath towels as symbols of personal and public hygiene. They were done in ads but also in commissioned articles by well-known writers and artists in newspapers and journals. Indeed, the use of the latter, culminating in Wing On publishing its own monthly magazine from the late 1930s to the late 1940s, shows a conscious effort not only to educate the public about the new ideal of material consumption, but also to influence the thinking of the cultural elite. By the promotion of these and other similar themes, these modern department stores on Nanjing Road succeeded not only in increasing vastly the sales of consumer goods but also in creating and validating a new commercial culture for twentieth-century China.

## Transnational Origins of Advertising in Early Twentieth-Century China

Sherman Cochran

Sure of itself, [America] bullies other civilizations, as a traveling salesman in a brown derby conquers the wisdom of China and tacks advertisements of cigarettes over arches for centuries dedicated to the sayings of Confucius.

Sinclair Lewis, *Main Street* (1920)<sup>1</sup>

Does Chinese commercial culture have foreign origins which are traceable to the West and specifically to New York City's Times Square? An affirmative answer is implied in the title of a recently published collection of essays, *Inventing Times Square: Commerce and Culture at the Crossroads of the World* (1991), which was edited by William Taylor, the author of the final essay in this present volume.<sup>2</sup> The contributors to *Inventing Times Square*, all specialists on American history and culture, have focused on the topic described in the book's title. The following essay pursues the possibility mentioned in the book's subtitle by tracing the path of a Western-owned business, British-American Tobacco Company, as it carried commercial culture from New York at "the Crossroads of the World" overseas to China.

Did Americans "invent" Chinese commercial culture and disseminate it throughout China? What role did Chinese play in the production and distribution of Chinese commercial culture? These questions are worth asking about the history of British-American Tobacco Company because, as will be

1. I am grateful to Mark Lytle for calling my attention to this passage.

2. William R. Taylor, ed., *Inventing Times Square: Commerce and Culture at the Crossroads of the World* (New York, 1991).