

From Malls to Main Streets:

Retail Lessons from L.S. Ayres

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Many Hoosiers remember L.S. Ayres as a quintessential example of what they might call Indiana's "Good Ole Days." During these times local businesses would hire cheery girls to help you shop and serve you chicken velvet soup at the end of your visit. Ayres is one of the most fondly remembered department stores in Indiana, which makes its closing confusing in hindsight. But in the ever-shifting world of retail, the closing of Ayres reveals a broader truth: the future of the department store is bound to the preferences of the middle class.



L.S. Ayres & Co., 1 West Washington Street, Indianapolis, From Indiana Album, Evan Finch Collection



A glamorous L.S. Ayres fashion showcase. From the Indiana Memory database, Indiana State Fairgrounds and Event Center

L.S. Ayres was founded in 1872 by Lyman Ayres and his business partner, James Thomas. Thomas and Ayres worked together in a joint store until Ayres individually opened his own flagship downtown Indianapolis store in 1905. Ayres was committed to his building from the start, and this commitment was part of what made L.S. Ayres so memorable. He poured money into the downtown location, set on making L.S. Ayres a memorable destination rather than a monotonous errand. The building featured an art pavilion, beauty salon, music center, and an auditorium (which became Santa Land during the Christmas season).¹ There was an innovative low-price floor called the "Ayres Budget Store" in which high-quality budget-friendly products were sold. The downtown store also included a cafeteria, snack bar, and food market.

All of these paled in comparison to the Ayres Tea Room. Designed specifically to keep customers in the store longer, the Tea Room was an elegant lunch place that quickly became a favorite among Indianapolis residents. The most popular dishes served were chicken velvet soup, chicken pot pie, and pumpkin bread. Children had a special menu featuring a "hobo lunch" wrapped in a bandana, clown ice cream, and a snow princess dessert. Models would wander the space, showcasing furs and dresses that later were called "That Ayres Look." The store housed a full line of high-quality merchandise

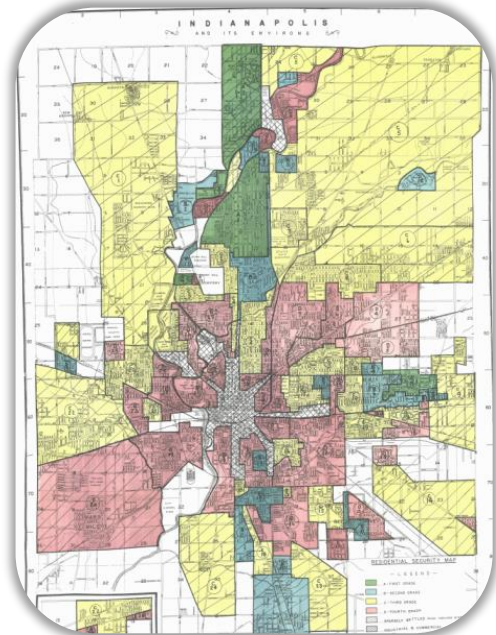
¹ <http://www.thedepartmentstoremuseum.org/2010/11/l-s-ayres-co-indianapolis-indiana.html>

in the eight-story building, including jewelry, boulevard men's sweaters, furs, bridal wear, infants' furniture, curtains, sewing machines, sleepwear, fine crystal, records, lamps, and women's sportswear. The flagship downtown L.S. Ayres building was vital to the creation of Ayres' retail empire and made Ayres distinct to shoppers.²

Although the vibrant in-store attractions were important, the rise of L.S. Ayres in Indianapolis can be linked to two other crucial factors. First, Ayres was founded as the American Industrial Revolution was in full swing. Ready-made suits, shirtwaists, dresses, and sportswear were being produced en masse in factories for the first time.³ Capital investment in the ready-made clothing industry jumped from \$8 million in 1880 to \$22 million in 1889, and the number of manufacturers doubled.⁴ This laid the groundwork for the department store to thrive.

Secondly, as the Industrial Revolution changed the demographics of America, the middle class emerged. Although there were millions of people required to work in underpaid factory jobs, there was also an army of clerks, bookkeepers, and managers required to process the extreme production rates of the Gilded Age. After the passing of the Morrill Land Grant Act, university education became more accessible to a wider range of people, increasing their wealth. A new class of people began to form - a class with a bit of extra cash in need of a place to buy the brand-new appliances and conveniences of the era. And thus, as the middle class was birthed in the Industrial Revolution, so was the department store.

As the middle class changed in the twentieth century, Ayres worked to change along with them. When cars became widely available to the middle class, Ayres built a large parking garage. As clothing styles shifted, Ayres' merchandise adjusted. However, Ayres was less willing to adjust to the growing trend of suburbanization within their customer base. As the national tides shifted in the wake of World War II, an increasing amount of white middle-class shoppers began to move out of the city into the suburbs. One source reported that "between 1940 and 1942, 9000 new homes were built in Speedway and Warren Township... and another 52,000 homes were built in the city [outskirts] in the 1950s." Between 1946 and 1953, The Federal Housing Administration issued loans to 10 million new homeowners, but almost exclusively to upper-middle-class white people, labeling African-American residents as "adverse influences" in new suburban neighborhoods.⁵ White shoppers grew increasingly reluctant to venture past "dangerous" areas of Indianapolis to shop at Ayres. Over time, the middle-class population of downtown Indianapolis moved to the suburbs, abandoning large areas of the city. The editor of the *Indianapolis Star* at the time remembered Indianapolis in the 1950s, writing, "Downtown Indianapolis looked much like it had when the banks failed in 1929. There hadn't been a new building erected... since the Circle Tower on Monument Circle went up in 1930... Nine movie theaters and a few undistinguished restaurants were



From the 1937 Home Owners Loan Corporation map of Indianapolis. "Hazardous" neighborhoods are highlighted in red, covering many African American neighborhoods and much of downtown Indianapolis. Source: Robert Nelson's "Mapping Inequality."

² <https://indianamemory.contentdm.oclc.org/digital/collection/ISFEC/id/10787>

³ <https://owlcation.com/humanities/The-American-Department-Store-Style-for-the-Middle-Class>

⁴ <https://lithub.com/a-brief-history-of-mass-manufactured-clothing/>

⁵ <https://invisibleindianapolis.wordpress.com/2017/06/29/suburbanization-and-the-color-line-along-grandview-drive/>

about all it could offer after dark.”⁶ There was almost nothing new built in downtown Indianapolis during the 1950s, and this trend was not exclusive to Indianapolis: between 1947 and 1957 only four department stores were built in any downtown in the entire United States.⁷ However, even when the downtown market share of total Indianapolis retail sales decreased to a dismal 37%, Ayres’ commitment to its downtown store remained a complete priority.

In the 1940s and 50s, Ayres remained modestly successful by coaxing customers downtown with their still-novel merchandise, events, and elaborate attractions. However, Ayres began to realize that suburbanization was not slowing, and decided to enter the fray. In the 1960s, Ayres launched a suburban expansion campaign, with some wildly successful branches, like the Glendale and Lafayette stores, and some dismally failing branches, like the Louisville and Fort Wayne stores.

Although Ayres was building its suburban expansions, it continued to pour hefty amounts of money into renovating the aging downtown location. Without its allure, the building could not draw customers into downtown. The location had been remodeled in 1957 but was expanded again in 1963 to cover over 790,000 square feet, and featured “crystal chandeliers, travertine marble, gilt fixtures, smoked mirrors, and fanciful murals depicting flowers, trees, and golden bird cages.”⁸ A gourmet shop was added on the eighth floor, fashioned like a French country store with a street of shops selling cheeses, imported coffee, smoked sausages, and exotic spices.⁹ Ayre’s dedication to its downtown location was so intense that Ayres helped fund various projects to revitalize Indianapolis, such as the Indiana Convention Center, Indianapolis Hilton, and Merchants Square Hotel.

As the 1960s progressed, and other chain department stores continued to pursue their suburban markets, Ayres began to see decreases in sales. Rumors of selling the store were rampant throughout Indianapolis. Ayres experienced its first quarter ending in a loss in 1971 and announced that it was merging with Associated Dry Goods in 1972. The merger gave it expanded funds to maintain its downtown building and continue expansion, but Ayres’ sales per square foot continued to decline. The May Company, which later became Macy’s, bought Ayres in 1986. Ayres declined so significantly that it lost \$3 million in 1990. In 1991, the downtown store closed permanently. Because of Ayres’ strong brand in Indianapolis, Macy’s continued to use their name on stores into the early 2000s, but the Ayres brand name disappeared completely by 2006.¹⁰

Department stores have always been heavily reliant on the middle class, and failing to understand changes within their customer base has often led to closures and bankruptcy. Ayres rose to power on the wings of the growing middle class in the late 1800s, but instead of adapting to the changing middle class and focusing on the suburbs of Indianapolis, Ayres dug in its heels and poured money into the downtown location.

Currently, in Indianapolis, the trends of the 1950s are being reversed. Increasingly, people are moving into urban areas, and the sprawling suburban shopping malls that fared so well in the 1970s and 80s are beginning to struggle. The 2010 Indiana census revealed that metro Indianapolis grew at a rate of 15.2% and accounted for 57% of total statewide growth.¹¹ Between 2010 and 2020, the population of Marion County

⁶ Page 153

⁷ 242

⁸ 215

⁹ 217

¹⁰ 271

¹¹ <https://www.newgeography.com/content/002071-census-2010-urbanizing-indiana>

grew by 8.2%, and the population density grew from 2,241 people per square mile to 2,463 people per square mile.¹²

By no means is suburban growth in Indianapolis slowing; Towns like Carmel and Avon are still growing at a rapid pace. However, this steady increase in urbanization points towards new middle-class preferences, especially in the younger generations. Steven Cohen, a professor of public affairs at Cambridge, observed that “with the growth of global commerce and communication, we have seen a degree of homogenization of material goods and commercial experiences. One reaction to that trend is a desire to find or build local communities of a distinct character.” This can be seen in Indianapolis, especially in the commercial explosion of areas like the Bottleworks District, Mass Ave, Broad Ripple, and Fountain Square. Suburban areas are also jumping on the trend, developing blossoming Main Street shopping districts in areas like Carmel, Zionsville, and Speedway. Cohen describes the “Main Street” phenomenon as a variety of residential, business, and commercial spaces, which can be tailored to the community's resources and needs. Main Streets place an emphasis on individual geography, demographic, and history, rather than making people shop in looming warehouses situated on seas of concrete parking lots. In a world where much can easily be bought online for cheaper, people are beginning to want their shopping to be more of an experience, with elements of variety and surprise. Ironically, this is exactly what L.S. Ayres was dedicated to so many years ago.

Many big-box retailers have made a significant commitment to their numerous physical suburban locations. In the same way that the shift to suburbia ended local downtown businesses in Indianapolis, this middle-class desire for an urban feel is contributing to the death of the suburban mall. Washington Square Mall and Lafayette Square Mall are struggling, losing anchor stores, and closing for indeterminate lengths for remodeling. Cavernous malls and cracking parking lots aren't as attractive to customers as bustling streets with locally produced ice cream and live jazz.

The tale of L.S. Ayres serves as a valuable lesson for the retail industry and the importance of understanding and adapting to changing customer demands. As they move forward, the success of department stores and other retail establishments will be tied to their ability to connect with the evolving desires of the middle class and provide unique experiences for the local community. As Indianapolis navigates this shift, the story of L.S. Ayres will remain a poignant reminder of the profound impact that the middle class holds on shaping the future of retail.

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¹² <https://www.census.gov/library/stories/state-by-state/indiana-population-change-between-census-decade.html>