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Article Summary: One of Nebraska’s chains of home-grown variety stores graced the main street or courthouse square of many small and middle-sized towns through the Midwest during the 1910-1960 era of the E J Hested organization.

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Photographs / Images: Hested Stores Company Store, Fairbury, Nebraska; E J Hested, Jess Lee, East Side of Fairbury Square, 1913; Candy case of W B Morton’s design; William B Morton; Hested Stores Co advertisement, November 1916
The variety or five-and-ten-cent store is firmly embedded in American business and social history. Browsing in the neighborhood or small town five-and-dime was not so much “shopping” as “adventuring” — what has more recently been called a “shopping experience.” One of Nebraska’s chain of home-grown variety stores graced the main street or courthouse square of many small and middle-sized towns, not only in this state, but throughout the Midwest at some time during the 1910-60 plus era of the E. J. Hested organization. Independently owned outlets and representatives of national chains such as F. W. Woolworth’s also existed, but Hested stores were highly visible and highly valued in every community in which they operated. Their innovative store lighting and display fixtures and charitable contributions to local causes distinguished them from their competitors.

Founder Edward James Hested was born near Rockford, Illinois, December 8, 1871. Educated in business in Rockford, he later operated a grocery and general merchandise store called “The Fair” in Lake City, Iowa. Hested also took to the country roads of the Midwest as a traveling salesman for several years, pushing pianos, insurance, and Chautauqua. About 1909 he decided to relocate in either Aberdeen or Brookings, South Dakota, and go into business for himself. However, before a new stock of variety store goods, purchased in Omaha, had been delivered to the South Dakota site, Hested heard of an opportunity in the southeast Nebraska town of Fairbury, Jefferson County. He redirected his merchandise to Fairbury and on April 4, 1909, opened a store with the same name as the Lake City store: “The Fair.” Candy, toys, dishes, dry goods, clothing, and “notions” constituted most of the stock, with occasional offerings of such items as lamps, books, brooms, and artificial flowers.

Variety stores had existed before the Civil War, but the day of the limited-price variety, such as the five-and-ten-cent store, did not come until after the war. Retailing pioneer Frank W. Woolworth opened a store in 1879 in Utica, New York, which featured items costing five cents or less. In 1880 he added a ten-cent line in his Scranton, Pennsylvania, store, which became the first “five-and-ten.” Other entrepreneurs such as S. S. Kresge and S. H. Kress soon entered the field. New manufacturing processes enabled a greater variety of goods to be sold at a nominal price, and manufacturers became more willing to bypass wholesalers, selling their products directly to variety stores.

The Woolworth organization entered Nebraska in 1904 with the purchase of a Lincoln store and by 1908, had twenty-one outlets spread thinly through Nebraska, Iowa, Missouri, Kansas, Colorado, Wyoming, and Utah with district headquarters in Omaha. Small rural communities overlooked by these merchandising giants attracted local entrepreneurs such as Hested, who founded their own stores. These sometimes grew into profitable regional chains, the desire to expand fueled by the lower consumer prices and greater variety of cheap goods that mass wholesale buying could bring. By 1928 chain organizations in the United States numbered approximately 600 firms (up from sixty in 1900) with 150,000 outlets.

Hested decided to expand in 1911, only two years after he opened his first store in Fairbury. He and William B. Morton went into partnership and opened a second outlet in the nearby town of Hebron, Thayer County, with an investment of $1200. A third store followed in Superior in 1912, a fourth in Geneva in 1914, and a fifth in Auburn. Morton was made general manager of the small chain. When a Hested store was opened in Beatrice in 1918, Morton moved his family there.

The growing importance of interior retail design was reflected in the “miniature Swiss cottage” housing rest rooms, a drinking fountain, and office space at the rear of the new Hested store. A well-established Woolworth store in Beatrice met the challenge with fifteen-cent merchandise added to counter the Hested five-and-ten-cent line and its own store alterations, including “a new front, new fixtures, new lighting system, new ladies’ rest room and [an] added fifty feet to our former room.” Woolworth’s took aim at the tiny Hested chain of six stores by advertising its own establishment as “one of 1,030 stores” which could bring the Beatrice consumer “the same merchandize sold in our New York, Chicago, Omaha and other large city stores.”

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Beatrice was also the home of another Morton-Hested enterprise, Store Kraft Manufacturing Company, incorporated in 1920 by Morton, Hested, and Jess Lee. Morton had long been concerned about the haphazard methods used to display candy, hosiery, and oilcloth. It was then common trade practice to exhibit candy and other foods in open boxes or buckets or in shallow glass dishes and trays; oilcloth was shipped in huge bolts which were difficult to exhibit to customers and not well adapted to measuring or cutting. Morton developed a new type of candy display case, patented in 1920, and was responsible for other innovations in five-and-ten-cent store display and merchandising fixtures. His ideas were used by Hested and by other merchants, who requested that similar equipment be built for them.17

A second entrepreneur closely associated with E. J. Hested was Jess Lee, of Sutherland, Iowa, who first worked with Hested during the summer of 1910.18 Lee began as manager of the Superior, Nebraska, store in 1912 when only eighteen years of age and then with Morton and Hested, formed the Hested Stores Company in 1916. When Morton left to devote full time to store fixture design and manufacture at Store Kraft in Beatrice, Lee took over as superintendent of seven of the Hested stores.19 From 1912 until 1930 Lee acted as a company buyer, checked other stores, and continued to manage the Superior outlet.20 He later started his own affiliated chain of variety stores, Lee Stores, which by 1943 had nine outlets; and served as a buyer for both chains.21 Lee engineered the growth of the Hested organization (consisting of the Hested Stores Company, Hested Stores, Incorporated, and Lee Stores) and pushed its growth in the small, rural communities of the Midwest.22

The Hested organization was represented by two stores in Fairbury during much of the time it operated there. “The Fair,” established on the south side of the courthouse square, was relocated in the Steele building on the east side of the square in 1913. In 1925 it was moved to 510-12 E Street. There was also a Hested-affiliated “9 and 99¢ Store,” named for a similar one operating in Rockford during Hested’s boyhood.23 It became the “Fairbury 5 and 10 Cent Store” in September of 1934.24 But the Hested Stores Company store at 510-12 E, “Store No. 1,” was always the flagship of the Hested and Lee chains, which grew from three stores with an annual volume of $32,000 in 1913 to about 100 stores at the time of acquisition by the J. J. Newberry Company in 1960.25 New warehouse and
office space was acquired in Fairbury in 1937, although only five to ten percent of all Hested merchandise was handled through the warehouse. The rest was shipped directly to the stores in the organization by the manufacturers (bypassing middlemen) to cut costs.26

Reports of annual stockholders' and directors' meetings indicate that the Hested organization was not severely hurt by the Depression. It reported in 1932 "no loss in operation" and that "the financial condition of the company is excellent." A dividend of five percent on common stock and seven percent on preferred stock was distributed to stockholders.27 Nineteen thirty-four was reported to be a "successful year... in spite of the general unfavorable business conditions prevailing."28

However, the souring economy did slow the pace of Hested expansion. The year 1935 saw no new stores opened,29 and sales volume dipped in 1938 to a level lower than that of 1937.30 But 1939 sales were ten percent ahead of those of 1938,31 and confidence in the future of Nebraska and the Hested organization was shown by the $100,000 spent to reconstruct and reequip the store at Hastings, destroyed by fire late in December 1937. The refurbished Hastings store, opened the following May, boasted air conditioning and overhead heating units, a new lighting system, and "floating end" counters to allow sales clerks greater freedom of movement.32

The whole arrangement has been carefully worked out to utilize the latest ideas of the Hested Company and of the Store Kraft Company of Beatrice manufacturing concern specializing in store fixtures.33

In 1940 the chain expanded into its third state, with the opening of a store in Laramie, Wyoming.34 Twenty-nine Hested and affiliated stores with a gross business of over one and one-half million dollars existed in 1941.35 Lee was named Hested Stores Company president and treasurer after Hested's death in 1942.36 He also served as president of the affiliated Hested Stores, Inc., and the Lee Stores chain. By 1944 Hested Stores Company had twenty-one outlets; Hested Stores, Inc., had seven; and Lee Stores, ten.37 In 1947 the organization's territory was divided into three districts — the eastern, headquartered in Fairbury; the central, in Hastings; and the western, in Alliance.38

In some instances the purchase of already existing stores boosted the rate at which the Hested organization grew. In 1943 it entered Colorado with the purchase of "five stores of a Colorado organization at Delta, Montrose, Glenwood Springs, Florence, and Monte Vista." Stores at Rocky Ford and Alamosa followed within several years.39

No longer exclusively small-town, Hested and Lee stores spread in the late 1940s and early 1950s into the neighborhoods and shopping centers of midwestern metropolitan areas such as Denver and Omaha. Lee Stores increased its total capital from $250,000 to $1,000,000 to provide additional funds for new construction.40 In 1949 three stores were opened in Denver and a warehouse built at Aurora, a Denver suburb.41 By 1954 the Hested organization had eleven variety stores in Denver, then the headquarters of its western division.42

Advertisements for merchandise sold by Hested and affiliated stores during their fifty years of independent existence reflect the "ongoing challenge" of providing "different, inexpensive items that people will buy."43 In 1910 the customers of "The Fair" store in Fairbury were offered woodburning sets, ribbon, handkerchiefs, and "dolls by the hundreds, ranging in price from 5¢ to $1.50."44 Customers of the Hested Stores Company in 1921 could choose from a large assortment of "spring toys" such as marbles (two for five cents), whistles (some as low as one cent each), and crickets (two for five cents).45 Candy lovers could select all-day suckers (one cent each) or more expensive cream-filled chocolates (four ounces for ten cents).46 (Candy was always one of the most widely sold and profitable lines in
variety stores.) The 9 to 99¢ Store in 1930 advertised for sale: “Wagons, velocipedes, large and small Black Boards, Erector Sets, Planes, Construction Aeroplanes, Doll Buggies, Sulkies, Scooters, Doll Bassinets, Wheel Barrows, Cedar Chests, Chairs of all kinds, Dressers and Tool Chests.” A 1929 ad for the same store advertised what must have been a contemporary luxury item—a twenty-three-piece, hand-painted tea set from Japan for 5.49¢. The upward creep in prices was reflected in the nearby Hested Stores Company store, which in 1930 was advertising itself as the “5¢ - 10¢ - 25¢ - $1.00 Store.” However, the lure of the five-and-dime price range was so powerful that even the local Safeway in January of 1933 advertised a “$5 and 10¢ sale” of groceries, boasting of the “buying power of the nickel and dime” at its store.

World War II boosted many of the prices paid by shoppers at Hested’s. In 1940 “Ladies’ rayon undies... no two pair alike,” sold for seventeen, twenty-three, or thirty-nine cents each. However, rayon hose were still ten cents per pair; men’s socks were five cents. After the war retail sales of all Nebraska variety stores increased from 20.9 million dollars in 1947 to 24.7 million dollars in 1954.

Customer self-service was a major innovation introduced in the early 1950s. By 1954 the organization had five self-service stores in operation and announced that all new outlets “will be self-serve, and gradually older stores will probably be changed over.” The new Hested store opened in Lincoln at Fourteenth and O in October 1954 was the first self-service department store in the city and one of the largest in the Midwest.

The store has two sales floors and 25 merchandise departments, consisting in all of 30,000 square feet of selling space. Store design, display units, and lighting fixtures are examples of the latest trends in store equipment and decoration.

It faced stiff competition: S. S. Kresge and W. T. Grant stores as well as Woolworth’s were already well established in downtown Lincoln; and Walgreen’s pharmacy (which sold many variety items) was on the same block. Prospective Hested customers on opening day were promised turkey dinners in the luncheonette for sixty cents each; boys’ polo shirts, two for eighty-nine cents; orange crate covers for fifty-nine cents; and free gold fish, balloons, chewing gum, measuring cups, scarf holders, and roses. Nebraska governor Robert Crosby helped officiate at the ribbon-cutting ceremony.

The changing image of the Hested variety store, already far removed from its five-and-dime antecedents, was reflected in the construction of new stores such as the one in Lincoln. There Kresge’s and Grant’s were already listed as “department stores”; by 1954 only Woolworth’s was still considered a variety store. The trend was also evident in the extensive modernizing of older Hested outlets, including Fairbury’s Store No. 1. Completed in March 1959, the “new” store featured florescent lighting; back-to-back display counters; new departments for garden and patio goods, small furniture and horticulture; and more hardware.
appliances, tools, and paint. The upscale image was further emphasized by a carpeted ladies clothing section and a luncheonette, then one of nineteen similar food service facilities maintained in Hested stores.59

In 1960 the Hested and Lee chains, then with about 100 outlets in Nebraska, Kansas, Colorado, South Dakota, North Dakota, Minnesota, Wyoming, Iowa, and Montana,60 merged with the J. J. Newberry Company of New York, a chain of 455 variety stores with 1959 sales of $238 million. Hested in 1959 had total sales of about $17 million.61 Jess Lee helped engineer the merger, which John E. Nelson, Newberry president, termed an acquisition of the Hested-Lee stores and noted their midwestern location, where they would not compete with Newberry's other stores.62 Nelson further said:

They [Hested's] have been trading up steadily in better quality and higher priced items, and we can undoubtedly accelerate that with our buyers. We'll also plan to enlarge their assortment of merchandise.63

Stockholders in the four corporations, which together made up the Hested and Lee companies, were promised Newberry stock worth $160 for each $100 worth of Hested or Lee stock they owned. This substantial capital gain was a great inducement for merger.64 In July 1961 the headquarters office and its fifty employees, were transferred from Fairbury to Omaha and located next to the principal Hested warehouse (in Omaha since 1952), a move said delayed for "a good many years because of sentimental reasons."65

By 1960 generous employee benefits, including hospitalization and surgical insurance, a pension plan dating from 1947, and a profit sharing plan, had induced many managers and sales personnel to make the Hested organization almost a lifetime career.66 The tie-up with Newberry saw a number of Hested's executives transferred to the New York area. Most were natives of rural and small-town Nebraska, who had advanced through the ranks of the Hested organization.67 "I thought we
were a little country outfit here,"" Lee recalled in 1970. "I didn’t realize I had so many good boys as I had." 68

Hested described his stores in 1934 as a “home institution of home folks and home capital.” 69 He enjoyed small-town life and was a generous donor to local charities. He gave ten percent of the earnings of each store toward a community or church sponsored project. A daughter, Mary Hested (Mrs. Max) Denney, recalled in 1976 that he “loved the small towns where his stores were located and his gifts to the community created a good feeling and reputation for the store.” 70

In 1972 the Newberry chain was acquired by McCrory Stores Corporation of Dallas. McCrory, which operated more than 1,000 variety stores under six different names, began closing ten to fifteen percent of its small, less profitable outlets such as the remaining Hested stores during the summer of 1975. 71

Fairbury’s Hested “Store No.1” was closed in 1976, then briefly reopened by a new owner as Ben Franklin Store Number 7777. 72 Several of the last Hested stores in the state were closed in Omaha (Center Plaza and Ames Plaza) in the early 1980s. 73

The pivotal change for the Hested organization was its acquisition by the J. J. Newberry Company in 1960. The Hested and Lee names were retained on existing stores, but purchasing, management, and warehousing were integrated with Newberry’s. The decade of the 1960s, characterized in Nebraska by low rates of population and economic growth, saw many such business alliances. 74 An estimated 4,200 corporate consolidations took place in the United States in 1968, an increase of forty-one percent over 1967. 75 Some were outright sales; others were loosely structured tie-ups. About seventy percent of the acquisitions in Nebraska by out-of-state corporations shifted control to large metropolitan areas, representing an “outflow of corporate control and decision-making authority.” 76

The trend toward larger economic units which could raise more capital for expansion on the national and international levels caused the disappearance of many independently owned local and regional businesses. The Hested name survived by more than twenty years its merger with Newberry but was gradually lost as individual stores were phased out by successive corporate owners.

NOTES

3. Ibid., Mar. 19, 1959, 8C.
5. Ibid., 12.
6. Other early rivals of Frank W. Woolworth in the variety store field were the McCrory company with a dozen stores in the Midwest; the Titus Supply Company in Pennsylvania; H. Germain in New Jersey and New York; and Rothchild and Company in New York. John K. Winkler, Five and Ten, The Fabulous Life of F. W. Woolworth (New York: Robert M. McBride and Company, 1940), 164-65.
Business in 1915. By 1951 it operated fifty-seven stores in Nebraska and five other states. "latest and best of the Hested stores ... Fixtures Beatrice store was remodeled in 1949 as the were furnished by the Store Kraft company of variety store chains, including the F. W. Woolworth organization. Woolworth's First 75 Years, 11. Another Nebraska-based chain, the J. M. McDaniels Company, had its start in Holdrege in 1915. By 1951 it operated fifty-seven stores in Nebraska and five other states. Fairbury-Journal, June 7, 1951, 1B.


Gage County Nebraska History (Beatrice: Gage County Historical Society, 1983) 76, 77. 

Fairbury Journal, May 14, 1918, 4:2. The Beatrice store was remodeled in 1949 as the "latest and best of the Hested stores ... Fixtures were furnished by the Store Kraft company of Beatrice." Ibid., Oct. 13, 1949, 1B. 

Beatrice Daily Express, May 30, 1918, 6. At least one independently owned variety store was located in Beatrice. A post card from the Gage County photo collection at the Nebraska State puffates C. Cochran, 200 Years of Americans Business (New York: Basic Books, Inc., 1977), 117.


E. J. Hested