There were 128 byte and 256 bytes sectors, as well. Newer harddisks have a sector size of 4096. It's a trade-off between total capacity, access and transfer times, and overhead through error correction and gaps. The more modern, the larger the sectors sizes that make sense. Thus common sector sizes range from 512 to 65,536 bytes (29 to 216).

Storage efficiency almost certainly part of the reason. Files on disk effectively have their size rounded up to a multiple of the block size. A 512-byte block means on average 256 bytes are wasted for each file on the disk. Double the block size and you double the average wastage.