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Principles of Retailing

Suzanne Fernie

John Fernie

Christopher Moore

RE-A1-engb 2/2013 (1031)

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Principles of Retailing

Suzanne Fernie BSc, TQFE, DMS (Marketing), MBA
Suzanne is a further- and higher-education lecturer in retailing and marketing, specialising in retail environment, retail theories and retail change. She has taught retailing at every level in further and higher education from initial training to honours, and has led further-education programmes in retail management and marketing. She has extensive experience of developing, piloting and implementing work-based learning programmes including SVQs in Retail Operations and Customer Service in partnership with a variety of SME and major retail organisations. A certificated online tutor, in the late 1990s she developed (with Scottish Knowledge) an early distance-learning HNC in Marketing. She is a member of the Scottish Qualifications Authority (SQA) Assessment Panel for Distributive Services and the Review Panel for HN Marketing. She also has project development/consultancy experience with a variety of agencies including the National Learning Network, Scottish Further Education Unit, and the SQA. She is a member of the Chartered Institute of Marketing and the Chartered Management Institute.

John Fernie MA, MBA, PhD
John is Professor of Retail Marketing and Head of School of Management and Languages at Heriot-Watt University, Scotland. He has written and contributed to numerous textbooks and papers on retail management, especially in the field of retail logistics and the internationalisation of retail formats. He is editor of the *International Journal of Retail and Distribution Management* published by Emerald, and received the award of Editor of the Year in 1997 in addition to Leading Editor awards in 1994, 1998 and 2000. He is on the editorial board of the *Journal of Product and Brand Management*, also published by Emerald. He is an active member of the Institute of Logistics and Transport and the Chartered Institute of Marketing in the UK as well as holding office in the American Collegiate Retail Association. In 2001 he became a member of the Logistics Directors Forum, a group of leading professionals in supply chain management and logistics in the UK. He is also a board member of the Scottish Institute for Enterprise and Edinburgh Business School.

Professor Christopher M. Moore MA (Hons), MBA, PhD
Christopher is the Director for the Glasgow Centre for Retailing at Glasgow Caledonian University. A graduate of the Universities of Glasgow and Stirling, his doctoral thesis considered the internationalisation of foreign fashion retailers into the UK. His research interests include fashion buying and merchandising, fashion brand development and the internationalisation strategies of luxury brand retailers. His research activities have allowed him to work with many of the key international fashion retailers. He is the Assistant Editor of the *Journal of Customer Behaviour* and sits on the Editorial Panels of a number of leading academic journals. Christopher currently holds the Scotmid Chair in Retailing. Scotmid is Scotland's largest independent cooperative society. As part of his remit as Director for the Glasgow Centre for Retailing, his duties include providing research and consultancy services for major retailers and consumer-facing organisations.

First Published in Great Britain in 2004.

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Preface

The *Principles of Retailing* distance-learning programme is based on the book *Principles of Retailing*, published in 2003 by Elsevier. Retailing is a fast-paced, exciting and essential service industry that employs a high proportion of the working population and contributes significantly to the health and wealth of advanced economies. Retail organisations feature among the largest of global companies, with concomitant power within marketing channels. Many large retail organisations dominate their suppliers, with a strong role in determining what and how much manufacturers produce, and when and where products will be delivered. They will decide price levels and have a significant role in product promotions – they dominate, in fact, the process of marketing within their marketing channel. With a customer-interfacing role in fast-changing consumer markets, retail organisations have also been in the forefront of developing and implementing organisational and strategic change programmes, and their drive for efficiency through cost-effective working practices has driven organisational change across business sectors. Yet retailing is an under-rated area of study among business academics and a neglected area of study within marketing.

Principles of Retailing is a programme of study not just for those who work in retailing or want to consider one of the wide variety of highly paid careers in the retail industry. It is essential study for marketing and business students who will be working in businesses which produce consumer goods and deal with retailers, directly or indirectly. It is also essential study for marketing and business students who work in service businesses which are being targeted as growth areas by large retail organisations – such as financial products and healthcare.

The programme has the following key objectives:

- to introduce students to the scope and size of the retail industry and introduce the key organisational players in the UK and on the international scene;
- to show how retailers can achieve competitive advantages by rapid organisational response to changing consumer demands and increasing consumer sophistication;
- to highlight how the integration of marketing, buying and logistics functions drives the growth of retail organisations;
- to introduce students to the main operational functions of retailing;
- to consider future patterns for retail growth particularly in international and global retailing and in e-commerce.

There are 12 modules structured into four sections:

1. The changing retail environment
2. Managing the retail supply chain
3. Managing retail operations
4. Managing the future

Each module has five sections. First (1) there is a statement of learning objectives, then (2) the main learning materials, followed by (3) multiple choice questions, (4) review questions, and (5) a case study or mini-case. Students should consider that all five sections work together as an integrated learning resource. Answers to multiple-choice questions and indicative answers to review questions and cases appear at the end of the book, and students should use these features of each module as an interactive means of developing their knowledge of retailing, rather than simply as tests of achievement. Students are encouraged to explore the corporate websites of major international retailers, and to become familiar with retail content from national press and trade sources in addition to referring to research themes in academic journals such as the *Journal of Retailing* and the *International Journal of Retail and Distribution Management*. Wider reading can be related to the theories and analyses presented in this unit to build understanding of how retail organisations change, compete and exploit relationships in order to achieve success in a crowded market sector.

The time taken to study each module will vary depending on academic and business background; however, the learning material should take two to four hours of study per module. The multiple-choice questions, when used as a learning resource rather than a test, should take a further two hours, and the review questions about three hours more. The cases vary in length and depth, but should take one to three hours. It is important to read each case several times, and to 'think around the case' before attempting an answer. The answers to review questions and cases are, in some cases, designed to add depth to the learning materials.

Two sample exams (with indicative answers and marking schedule) are available at the end of the unit: these can be used to test your ability to analyse and apply retail principles to real situations and issues. These exams should be initially attempted without recourse to the text. The answers should be used to check the direction and content of your work, although they cannot be all-encompassing in nature.

PART 1

The Changing Retail Environment

Module 1

The Retail Environment

Contents

Learning Objectives

After studying this module, you should be able to:

- identify major demographic, socio-economic and lifestyle trends and discuss their influence on consumption of retail goods and services;
- evaluate how retailers have responded to the changing consumer in terms of:
  - retail innovation;
  - concentration of retail ownership;
  - locational shift;
- comment upon the waves of retail decentralisation;
- understand how government influence can shape retail development through:
  - legislation;
  - competition policy;
  - planning policy.

1.1 Introduction

> In essence, retail change has been driven in the past by the interaction of consumer, retailer and government: in the 1990s the role of technology is increasingly important as an agent of change.
> (Fernie, 1997, p. 384)

Since the above was written, technology has continued to influence consumer demands, the way people shop and the shape and structure of the retail industry.

To understand the retail environment, it is important to understand the interrelationships between the factors illustrated in Figure 1.1. In this module, we will consider how changes in the consumer environment – demographic, socio-economic and lifestyle trends – have impacted upon retail change. At the same time, government has been a major agent of change. Retailers are regulated by an array of laws and ordinances that impinge on their operations. These can affect licences to operate, health and safety matters, which goods to sell and hours of operation through to planning ordinances on where to locate the business. Political decisions such as refusal to join the European Monetary System and introduction of the minimum wage have had economic repercussions for retailers. UK tax credits have supported low-paid retail workers; government funding supports staff in training in the skills academies of high-profile retailers.

The types of merchandise on sale and the formats developed are a response to such interactions; however, retailers *do* influence consumers and governments on product choice and format development. For example, the UK slowdown of the introduction of genetically modified foods was driven by retailers' refusal to stock these products. Also, high-profile retailers – Archie Norman (ASDA), Lord Sainsbury (Sainsbury's), Philip Green (BHS, Topshop) – have lobbied and advised successive UK governments.

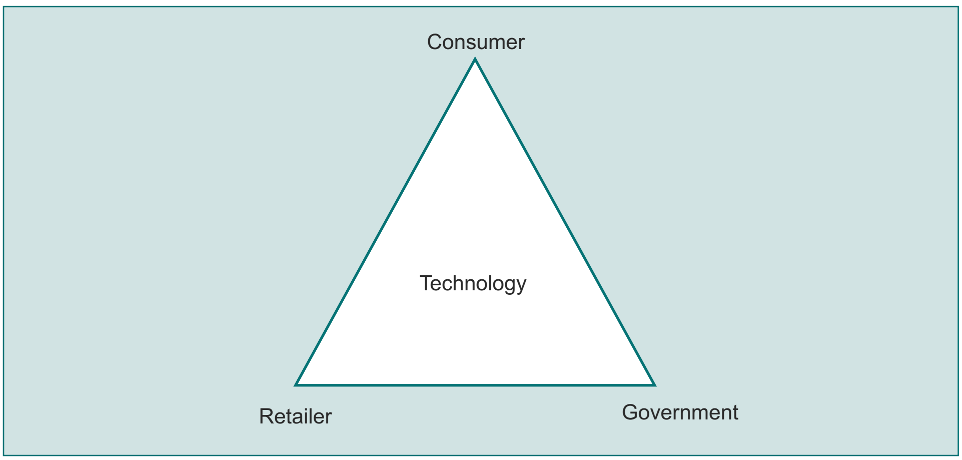

Figure 1.1 Factors influencing change

The role of technology is not discussed in length here as it embraces most modules of the course, especially those on logistics and Internet retailing. It should be acknowledged here, however, that technology should be seen in its widest sense. For the consumer, technology has freed up time as capital goods replace labour in the home. Communications in both a physical and information sense have given access to wider geographical markets. Retailers, especially those with loyalty card schemes, rapidly embraced the IT revolution through sharing data with their suppliers and communicating with their customers. New technologies have been applied throughout the supply chain to ensure that products can be designed/tested, manufactured and distributed through supply chains quicker and at a lower cost than ever before. Markets and companies have grown due to the links between innovation and technology. Take the case of chilled foods in UK supermarkets. Marks & Spencer's (M&S) link with their former main supplier, Northern Foods, originated from a chance meeting of the former chairman, Christopher Haskins, with an M&S

executive on a flight to Northern Ireland. Initial dairy lines were introduced into M&S stores, but a main catalyst for growth was the harnessing of BOC gases technology to distribute chilled and frozen products from warehouse to store. In response to the demand for ready meals, two businesses, Northern Foods and BOC Transhield, grew to supply M&S and other supermarket chains with these product lines. It is perhaps appropriate that we now turn to the factors that have promoted change in the consumer environment.

1.2 The Changing Consumer

At the annual ECR Europe conference in May 2001, Maureen Johnson of The Store presented a picture of the consumer in the year 2015. 'Older', 'more affluent', 'insecure', 'discerning', 'more demanding', 'better educated' and 'time pressured' were some of the terms used to describe the European consumer of tomorrow. Of course, some of these attributes were already applicable by the turn of the millennium. Translating these attributes into shopping behaviours, Johnson went on to predict that consumers would be less likely to shop in the 'planned' conventional method, with an increase in more remote shopping and social, special or immediate modes for fixed-store retailing. In another session at the same conference, Alexander Littner of the Boston Consulting Group showed that US consumers were spending less of their disposable income on retailing and fast-moving consumer goods in general than on other categories such as healthcare, insurance, housing and utilities. This is a trend that was apparent in the UK for decades as consumers found other avenues for their hard-earned cash rather than spending it on shopping, although the weaker economic environment from 2008, together with high levels of personal debt, meant that consumers began to spend less on unnecessary discretionary spending.

In order to discuss the changing consumer in more depth, we shall look at:

- demographic trends;
- socio-economic trends;
- lifestyle trends.

1.2.1 Demographic Trends

The structure of a country's population and its rate of increase over time will impact upon the growth of the economy and the nature of a consumer's savings. Europe has been viewed as a battleground for retail competition because of the launch of the euro and the numerous enlargements of the EU, which have increased the EU population to an estimated 500 million. Despite the size of this market, the structure of the population in most European countries will experience dramatic changes in the next half century. Lower fertility rates and increased life expectancy will result in a 'greying population'. In 1997, around 23 per cent of the population in each member state was under 20 years old (in Ireland it was 33 per cent) and the proportion of older people, those 60 and over, was 21 per cent and increasing. It is envisaged that, by 2030, the latter figure will increase to around 30 per cent for most countries.

The increasing number of old people is changing the nature of household composition in Europe. This is reflected in the increased number of single households across Europe and the fact that the number of people per household has declined in every EU country since the early 1980s. The classic image of a nuclear family of two plus 2.4 children in a household is the exception, not the rule. Also, divorce rates are at record levels, which has led to a breakdown of the traditional family household. On average, there are 2.5 people per household in the EU. In the UK there has been a major decline from the 3.45 people per household of 1951 (*see* Table 1.1). Table 1.2 gives a more detailed breakdown of housing types in England. This shows that married couples are the only category to experience decline in household numbers in the last 20 years.

Table 1.1 Declining size of households in the UK, 1951–2011

	1951	1961	1971	1981	1991	2001	2011
Average household size	3.45	3.2	2.8	2.7	2.4	2.3	2.25
Number of households (million)	15	17	17.5	19	22	24	26

Source: OPCS.

Table 1.2 Changing household types in England, 1981–2011 (thousands)

	1981	1991	2001	2011
Married couple	11 012	10 547	10 217	10 037
Co-habiting couple	500	1 222	1 446	1 549
Lone parent	626	981	1 202	1 259
Other multi-person	1 235	1 350	1 671	2 051
One person	3 932	5 115	6 509	7 875
All households	17 306	19 215	21 046	22 769

Source: Department of Environment, UK.

1.2.2 Socio-Economic Trends

Clearly there is a strong relationship between demographic trends and the labour market. Two decades ago there were great fears that the changing structure of the population would lead to a demographic ‘time bomb’ producing labour shortages as numbers of 15– to 29–year–olds entering the labour market began to decline (historically, unemployment rates were highest within this age group).

In reality, the nature of the labour market changed in line with the growth of the high-tech ‘sunrise’ manufacturing industry and the service sector at the expense of traditional ‘sunset’ industries. This saw the rise in female participation in the workforce, more part-time/casual working and the rise in self-employment, often as a result of early retirement or redundancy. In Europe, there has been a marked increase in the number of women in the labour force, and there is no longer a significant fall in the rate after the age of 30, implying that women are not stopping work after having children. In the UK, women comprise a higher proportion of the labour force than men; they are flexible (often by necessity), are often better educated, and have a wider range of skills for the service economy, of which retailing is a part. By contrast, men have seen their role in society change considerably, especially in areas of high unemployment, where 'light' industries and service jobs have replaced traditional male-dominated manufacturing work. The househusband is now common, and the male head of household as the sole breadwinner is rapidly disappearing.

These trends in the labour market occurred during a period of strong growth in most 'developed' economies in the 1990s and early 2000s, which witnessed a period of low inflation and low unemployment levels. Cyclical changes in the economy have a major impact on discretionary purchases in that, in an upturn in the economy, consumers tend to spend more on non-essential purchases or on those that can be deferred if uncertainty about employment opportunities or interest rates exists. In the UK, 'real' disposable income grew throughout the 1990s and early 2000s, although it is important to note that many of the factors that fuelled consumer expenditure were unique to the UK. The main distinguishing features pertain more to the housing market and the size and structure of personal debt in comparison with households in other European countries. Much of this debt was mortgage debt, which tends to be short term and variable rated, exposing households to changes in short-term interest rates. The reason for the size of mortgage debt is that the rate of owner-occupancy in the UK is much greater (around 70 per cent) than in other countries: for example, the comparative figures for France and Germany are 55 and 50 per cent respectively. This also means that changes in house prices would impact on personal sector wealth and thus consumer demand to a much greater extent in the UK than elsewhere.

The combination of these factors in the housing market means that British homeowners are much more sensitive to changes in interest rates or tax relief on mortgages than are their continental neighbours. Oxford Economic Forecasting (1998) estimated that a 1 per cent drop in short-term interest rates would lead to consumer expenditure growth of 0.5 per cent. Although UK interest rates were already at historic low levels in the late 1990s, the government cut them even further to encourage spending in an attempt to ward off recession towards the end of the first decade of the 2000s.

Many of the trends discussed above are borne out by official UK government statistics. For example, retail sales in the late 1990s accounted for around 37–38 per cent of total consumer expenditure compared with 40+ per cent a decade earlier. In terms of household expenditure, at the turn of the millennium UK households spent 16 per cent of their weekly expenditure on housing, 15 per cent on motoring, and 12 per cent on leisure services. The categories for statistical analysis of household spending vary over time, but by 2011 expenditure on non-essentials such as culture and recreation, hotels, meals and communication accounted for a quarter of household expenditure – about the same proportion as spent on essentials for living, such as housing, fuel, power and food (Office for National Statistics, 2011). The UK consumer spends much more on 'services' than on traditional retailing goods. The consumer has 'traded up', owning their own home, plus one, two or three cars, and is taking more overseas vacations. Most UK households have access to a car and are willing to be much more mobile in search of employment, retail and leisure opportunities. People seek better-quality environments in which to live and work, and this is reflected in the general shift away from metropolitan to smaller-sized communities. Of course, this trend is evident in many developed economies, especially in North America, where suburbanisation, urban sprawl and an automobile-orientated society alerted European planners to curbing the excesses of this type of development despite increasing pressure from housing and business development companies.

1.2.3 Lifestyle Trends

The combination of demographic and socio-economic trends has resulted in a complex set of values associated with consumer behaviour. A range of paradoxes exists. We are a more affluent society, yet there is a growing underclass of poor people in the UK who are long-term unemployed and cannot be regarded as conventional consumers. After the recession in the first decade of the 2000s, the proportion of young people out of work in particular grew, while high debt levels and graduate unemployment also soared. The 'grey' consumer, however, is not the austere customer of 30 years ago, but is likely to be relatively wealthy and 'young' in attitude to health, sport and fashion. But there is now a blurring of social activities so that people no longer perceive aspects of life in discrete compartments. Sport, fashion and music overlap, so that, while the clothing market stagnates, the sports market grows, mainly by selling clothes.

Christopher Field in 1998 identified some characteristics of 'new consumers' that are still evident today:

- They no longer conform to traditional stereotypes – they are demanding, fickle, disloyal, footloose, individual and easily bored.
- They are better informed and more sophisticated, and are prepared to complain when they get poor service.
- They have less time for shopping.
- They feel greater uncertainty about future personal prospects.
- They express a growing concern for the environment.
- They have lost faith in traditional institutions such as the police, church and state.

He illustrated the latter point from research undertaken by the Henley Centre to show how confidence in our established institutions waned during the 1980s and 1990s (*see* Table 1.3). The low turnouts at the British general elections of 2001, 2005 and 2010 illustrate this indifference. The decline in membership of collective organisations, from trade unions and religious bodies through to political parties, is further evidence of the individualistic nature of today's consumer in the UK. Webb (1998) pointed out, however, that at the same time individuals express the need for security and solidarity by coming together in 'tribes'. He used the examples of football supporters, local neighbourhood watches and PC users' clubs. A more recent illustration is online social networking – in only a few years half the UK population was reported to have signed up as a member of Facebook and a quarter of the population as a member of Twitter.

Table 1.3 The degree of confidence in established British 'institutions', 1983–1996

	1983	1993	1996
Armed forces	88	84	74
The police	83	70	58
The legal system	58	36	26
Parliament	58	36	26
The church	52	37	25
The civil service	46	36	14
The press	32	18	7
Trade unions	23	26	14
The monarchy	25	18	18

Source: Field (1998).

Although it is becoming increasingly difficult to segment consumers into discrete categories, this does not stop market researchers from producing segmentation models to categorise them. The younger generation has been the focus of much attention because of their influence on adult spending, their £1.5 billion spending power per annum and the fact that they become 'consumers' much earlier than previous generations. Carat, the media buying agency, analysed the post-children, young people generation. It identified eight subgroups of 15- to 34-year-olds based on data from 10 000 consumers. The groups were L-plate lads, disillusioned young mums, cross-roaders, progressive leaders, city boys, survivors, confident introverts and new traditionalists (*see* Table 1.4). The purpose of such a segmentation is to maximise the effectiveness of advertising campaigns to the relevant target groups. But while we can divide consumers into categories such as those above, it is often difficult to understand actual consumer behaviour. Webb (1998) quoted the managing director of New Look, a chain which targets clothes for teenage girls, as saying: 'A customer is as likely to buy a CD as one of our blouses. To be honest I've given up trying to fathom out why people buy what they do.' With the growth of e-commerce and m-commerce, tracking shopping behaviour has become much easier, as has the focusing of promotional activities.

Table 1.4 The younger generation (15–34 years old) market in the UK

Category	Characteristics
L-plate lads	Single, working class, living with parents.
	Started first job.
	Like lager, ladies, TV and sport.
	Spend money on beer, music and fast food.
Disillusioned young mums	Married or single parent, working class, live in council flats.

Category	Characteristics
	Possible part-time job.
	Low disposable income. Watch much TV.
Cross-roaders	Live with their parents.
	Ambitious, want to make money.
	Spend on designer labels and DVDs, and like new 'gadgets'. Read trendy magazines.
Progressive leaders	Female graduates, renting with friends.
	Started first job.
	Go to gym, spend much on clothes.
	Read quality newspaper and magazines.
City boys	Married with children.
	Drive a BMW, thinking of setting up their own business.
	Work hard, play hard. Read 'right of centre' quality press.
Survivors	Older than disillusioned young mums, still renting, working part-time and tight budgets.
Confident introverts	Technology freaks. Spend hours on the Internet, which they use for news, games and shopping. Read 'right of centre' quality press.
New traditionalists	Married with children. Prematurely middle-aged with large mortgage and responsibilities. Interests are mainly 'domestic' in nature, reflected in their TV choices and magazine reading (gardening, food and drink).

1.3 The Retail Response

The retail response to these changes in consumer behaviour has made the retail sector one of the most dynamic in modern economies. Innovations in format development and operating practices have enabled retailers to compete or even survive in a changing retail environment. Three key responses will be discussed: retail innovation, concentration of retail ownership and locational shift.

1.3.1 Retail Innovation

Many recent retail innovations emanated from the US. Ideas and 'know-how' have been sourced from the US by retailers in foreign countries for many years. A UK example is provided by Marks & Spencer, whose executives conducted fact-finding missions to the US in the 1920s and 1930s to refine operating practices at home.

Similarly, Alan Sainsbury introduced self-service and the shopping basket into Sainsbury's stores in the 1950s after sojourns to the US. More recently, formats such as warehouse clubs and factory outlet centres have reached these shores with varying degrees of success.

It is interesting to note that particular retail formats (formats are operating styles of retailing, such as supermarkets, hypermarkets, convenience stores, mail order, online shops and so on) are often associated with a company or country of origin. The **hypermarket**, developed in France in the 1960s, was the forerunner of 'big box' retailing, which is beginning to dominate the global retail scene today. The French began to restrict the development of the hypermarket at home in the 1970s in the wake of the Royer bill, and companies such as Carrefour (crossroads in English) became synonymous with the international spread of the format. The Americans originally rejected this format in the 1970s, and it was revived only with the growth of Walmart in the US and its development of the supercentre format in the 1990s.

Other innovative formats that have strong country-of-origin effects are **hard discounting** and **mail order** in Germany. German mail order companies are world market leaders (Otto Versand and Quelle), and the German market is the largest in the world after the US. Why? The reason is historical. At the end of the Second World War there was a severe shortage of retail space in Germany, and mail order provided an alternative form of retailing. Also, German consumers were relatively poor at this time and could receive goods on easy payment terms. This explains why home shopping is a major feature of German consumer behaviour (much of their frozen food is home delivered, for example) and why this form of retailing impinges upon a wider cross-section of society than in other countries. By contrast, in the UK, the big book catalogues were targeted mainly at lower socio-economic groups, invariably because it provided an avenue for cheap credit in the days before borrowing became easy.

Not only do German consumers shop from home more readily than other European consumers, but they are also very price conscious. It has often been stated that there are three marketing tools in Germany: price, price and price. Thus, an alternative to the hypermarket was developed – the limited-line, no-frills 'hard' discounter offering exceptionally low prices of frequently purchased packaged goods. This format, developed initially by Aldi and Lidl, has now spread internationally from its German base.

Again as a means of contrast, these discounters were less successful in the UK market, where consumers tended to polarise their grocery shop between a weekly trawl and a convenience 'top-up'. Indeed, the main grocery multiples introduced their own limited-line offering to restrict defections of shoppers to Aldi, Lidl and Netto, the Danish discounter. Although Walmart is changing the British consumers' store choice attributes with its everyday low pricing (EDLP) strategy, the relatively unique emphasis on store brands allowed major retail companies to diversify into other sectors (including online retailing) on the strength of brand loyalty. As mentioned earlier, this arose because of the creation of new market segments, such as chilled foods, which spawned a new set of retailer–manufacturer relationships.

These formats are a response to the needs of specific country markets. The operation of retail formats also differs, however, because of different regulations and industry structures in such markets. For example, retailing in North America is not subjected to the same degree of government intervention as in Europe, *and* there is more development land and cheaper fuel costs. Thus, retailers in North America can trade successfully on much lower sales per square metre ratios than their European or Japanese counterparts. This also explains the evolution of logistical support networks to stores in these markets. It is not surprising that the British, Dutch and Japanese have embraced just-in-time operational techniques in supplying their stores compared with the US or even French and German retailers, because of the high premium rates for retail sites. Taking inventory out of stores and other parts of the supply chain reduces costs and allows retailers to respond quickly to market changes.

1.3.2 Concentration

Fifty years ago, retailing was a fragmented industry. The 'giants' of the time were department stores with a nineteenth-century legacy of providing a range of departments for their customers. Sears and J C Penney in the US, Marks & Spencer and Harrods in the UK, Galleries Lafayette and Printemps in France, and Karstadt in Germany were the high-street brands of the time. Consumers have since become more mobile and their behaviour has changed, as shown in the earlier section. Retail entrepreneurs have risen to this challenge and transformed markets at home and abroad. Two of the largest retailers in the world today, Walmart and Tesco, were small family companies headed by enlightened entrepreneurs, Sam Walton and Jack Cohen respectively. But this trend is mirrored in other companies, especially in the speciality retail sector. The rise of Gap, The Limited, Zara and IKEA, for example, were all the result of the vision of the founders to spot a niche in the market and grow the business. There are many diverse retail formats operated by retailers, and large retail groups often operate a portfolio of retail formats in the guise of their different retail brands.

The retail marketplace has been transformed in the space of 50 years. Instead of classic proximity retailing, where consumers shopped at their nearest, most convenient store, the emphasis has moved to destination retailing, where the consumer is willing to travel further to get the best choice at lower prices. While Walmart led the way in general merchandise/food followed by 'big box' competitors such as Carrefour and Tesco, specialists or 'category killers' changed the nature of competition in many other markets. Home Depot in the US and B&Q in the UK became market leaders in the home improvement market, with major international aspirations. IKEA, Toys 'R' Us and Nevada Bob are good examples of international companies that specialised in a niche sector. At the same time, new proximity formats developed in the form of stores for operation in places where people congregate naturally, like forecourts, airports and other transport hubs. Consider, for example, the shopping malls linked to underground transport networks or online retailers operating Facebook formats.

Organic growth and acquisitions to spread fixed costs over larger sales volumes led to consolidation in most developed economies. No longer could the UK be classified as 'a nation of shopkeepers' when the retail sector had been transformed from a large number of small independent retailers to relatively few, large and often publicly quoted corporations. The top 10 British retailers increased their market share from around 28 per cent of total retail sales in the mid-1980s to 42 per cent in the early 2000s. Figure 1.2 illustrates the degree of concentration of FMCG retailers in the UK compared with France, Germany and the US. The UK grocery market, even more concentrated, was subjected to a Competition Commission inquiry in the late 1990s and again in 2006 because of fears of abuse of market power. Nevertheless, concentration continued at national and regional levels, and a decade later the top five grocery companies had nearly 85 per cent market share (Kantar Worldpanel, 2012), with most of the remaining grocery market dominated by only four retailers. It can be seen that concentration in this sector developed to a greater extent than envisaged by Littner in 2001 (*see* Figure 1.2). The French and German markets were also heavily concentrated among a few key players. Only the US market lagged behind, but greater consolidation occurred throughout the 1990s and into the 2000s, and the structure of the grocery market was affected by the entry of non-traditional grocers such as Walmart. Foreign-owned grocery companies also developed a significant presence in the US during the same period (Martinez, 2007).

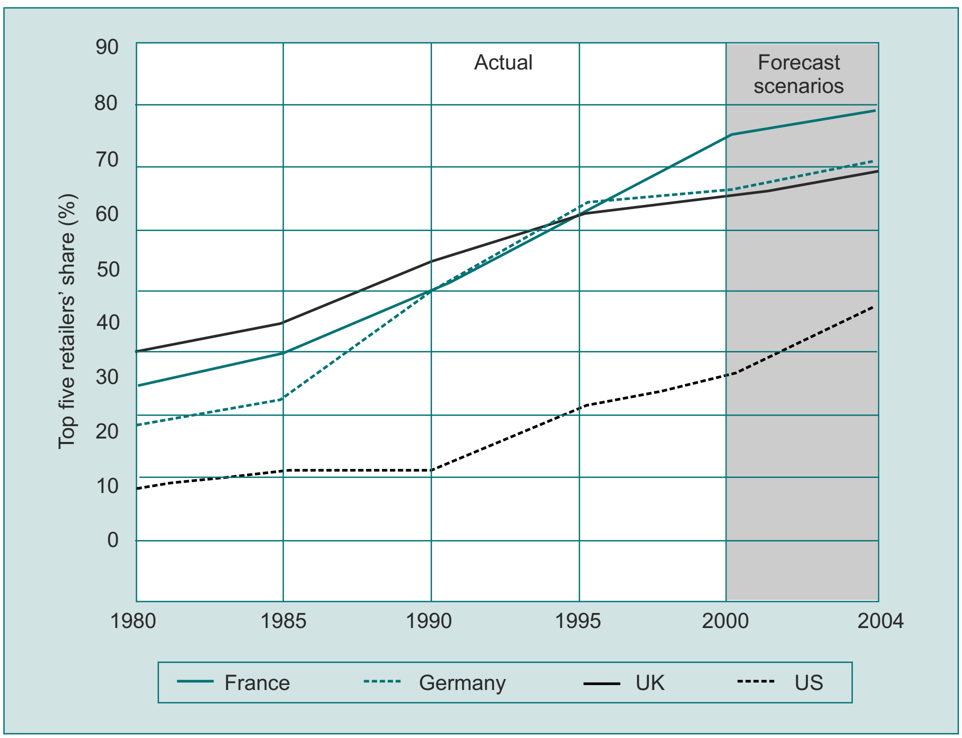

Figure 1.2 **Market share of the top five FMCG retailers in France, Germany, the US and the UK**

Source: Littner (2001).

Concentration, therefore, appears to be a feature of a maturing retail sector across both small and large countries where the climate of government regulation fosters consolidation. Neil Wrigley wrote extensively on what he termed the **consolidation wave** in US food retailing. He showed how the top four firms (the CR4 statistic from the *Progressive Grocer*) increased their share from a static 23 per cent to 37 per cent between 1992 and 1999 (*see* Table 1.5). Table 1.6 illustrates how the top six retailers changed in this time in terms of size and scale. American Stores merged with Albertson's, Walmart entered the food market, and two European companies, Ahold and Delhaize, replaced another European-owned company, A&P, and Winn-Dixie.

Wrigley explained these trends through the regulation of the industry until the 1980s and the financial re-engineering of the sector in the late 1980s. The enforcement of anti-trust laws dropped dramatically in the 1980s, but large-scale mergers did not take place because the US food retail industry got caught up in a spate of leveraged buy-outs (LBOs). The LBOs led to increased debt burdens for companies, which forced them to divest assets and cut capital expenditure programmes. Thus, throughout the 1990s, as debt burdens were reduced, investments in technology, buying and distribution, along the lines of the Walmart operation, made these companies more efficient and hungry for growth to achieve further scale economies.

Table 1.5 **Increasing concentration levels in the US food retail industry, 1992–99**

	1992	1994	1996	1997	1998	1999[a]
Supermarket sales ($ billion)	286.8	301.0	323.2	334.5	346.1	363.3
Sales of four leading firms ($ billion)	66.9	68.9	75.0	82.8	88.8	131.7
Share of four leading firms (CR4)	23.3	22.9	23.2	24.8	25.7	36.2

[a]Supermarket sales 1999 estimated. Sales of four leading firms based on figures in Table 1.7, i.e. Walmart ranked in terms of sales of food and food-related sales at its supercentres, not as a basis of total supercentre sales.
Source: Wrigley (2001).

Table 1.6 **The leading US food retailers 1992 and 1999 – a changing elite**

Rank	1992			1999		
	Firm	Sales ($ billion)	Market share	Firm	Sales ($ billion)	Market share[a]
1	Kroger	22.1	7.7	Kroger	45.4	12.5
2	American Stores	19.1	6.6	Albertson's	37.6	10.3
3	Safeway	15.2	5.3	Safeway	28.4	7.8
4	A&P	10.5	3.7	Ahold USA	20.3	5.6
5	Winn-Dixie	10.3	3.6	Walmart[b]	19.8	5.5
6	Albertson's	10.2	3.5	Delhaize America	14.4	4.0

[a]Share of total US supermarket sales (see Table 1.6).
[b]Walmart ranked in terms of sales of food and food-related ('supermarket type') merchandise at its supercentres, i.e. 44% of $45.1 billion Walmart supercentre sales in 1999.
Source: Wrigley (2001).

1.3.3 Locational Shift

When we take a leisure trip to any of the Disneyland theme parks, the main street features prominently as one of the key attractions. It is therefore somewhat ironic that the suburbanisation of the US way of life and the resultant mushrooming of out-of-town shopping malls has led to the decline of traditional main streets. The concept of the modern **shopping mall** can be traced to the Austrian architect, Victor Gruen. Gruen fled the homeland of Hitler and began to develop blueprints of his utopian mall. His idea of an out-of-town mall was that it was to be the civic, social and cultural heart of the community, incorporating apartment housing and offices in addition to shopping provision. Although his 'ideal' mall never truly materialised, his concept of an all-year-round shopping environment quickly took root. The Southdale mall in Minneapolis was built in 1956 and became the prototype for thousands of others throughout America. Gruen reckoned that in the Mid-West you only had about 25 good shopping days a year. The development of the enclosed shopping mall with air conditioning and a constant temperature of 20°C changed all of that. It is perhaps no coincidence that two of the most popular malls in North America are in areas with extreme climates, namely the West Edmonton Mall in Alberta, Canada, and the Mall of America in Minneapolis/St Paul.

The classic mall attracted two key department stores as anchor tenants with speciality stores linking them. For the next 30–40 years, geographers and realtors sought prime sites for new mall development. In the days before sophisticated geographical information systems (GIS), mapping of areas of population growth and interstate intersections offered the best sites for development as America became an automobile-orientated society. By the 1970s and 1980s, locational analysts began to use spatial interaction models to determine the success of one mall in relation to another and to glean a picture of saturation compared with undercapacity in particular parts of the US.

By the 1990s the out-of-town shopping mall had become a mature retail format in the US and Canada. The rather monotonous formulaic structure may have been fine for consumers in the 1960s and 1970s, but not for the more demanding consumer of the last decades. This enclosed environment was also a controlled environment with its closed-circuit TV and security guards. Whilst policing existed within the malls, invariably crime increased in the large parking lots outside.

The urban landscape began to be transformed by other smaller but 'themed' shopping centres or free-standing/clusters of 'big box' formats. Already by the 1970s, many downtown areas of cities, especially those with historical landmarks, began to develop **speciality centres** based on restaurants and leisure attractions. The Californian coast from San Francisco to San Diego has numerous examples of old warehouses, canneries and piers which have been redeveloped using the waterfront as a key feature in urban regeneration. Former fashionable areas which declined with the growth of the traditional mall in the 1980s have been gentrified using their natural setting. Pasadena in Southern California is an example of this type of development.

The growth in popularity in the US of warehouse clubs, factory outlet centres, supercentres and category killers added to the pressure for new urban development. In several instances failed shopping malls were redeveloped for these new formats. This is not to suggest that the traditional mall is in terminal decline. It is facing competition from other out-of-town developments. The top 10 US retailers still include Sears, one of the key bastions of the mall, but others are Home Depot (category killer), Costco (warehouse club) and Target/Walmart (supercentres).

The development of the shopping mall and various hybrids of the US prototype are evident in most countries of the world. In Europe, the shopping mall was not planned on such a *laissez-faire*, automobile-dominated manner. The preservation, and in many cases the rebuilding, of city centres in the post-war period was the main priority of governments. The eventual development of sizeable in-town malls, recreating the controlled environments of the US malls, took time because of difficulties in assembling land parcels with multiple ownership. Unlike the US, development was focused towards city centres. In the UK, many schemes were small scale in most towns and cities, as the high street continued to maintain its pre-war dominance of shopping activity. The enclosed mall, when it was a large development, as in Eldon Square in Newcastle or the Arndale Centre in Manchester, did result in urban decay in city centre streets where major retailers vacated premises to move into new malls. Also, some of these developments, the Arndale for example, were heavily criticised for their lack of architectural quality.

It was not until the mid-1980s that the UK began to plan for US-style out-of-town shopping malls. The catalyst for such developments was Marks & Spencer (M&S), then the anchor store of many in-town shopping schemes. M&S announced in 1985 that it was pursuing a **dual location strategy** whereby it would invest in out-of-town developments in addition to traditional high-street areas. Initially there were plans for between 35 and 50 schemes throughout the country, but the stock market crash of 1987, prolonged recession and changes in planning policy worked against any new out-of-town developments, reducing the number to a handful of large schemes. Nearly 30 years later, only 16 out-of-town shopping malls had been built, although the number and size of open-air retail parks had risen substantially. The Bluewater scheme in Kent became the largest out-of-town shopping mall in Europe, accounting for 3 per cent of Britain's retail expenditure and attracting 28 million visitors annually. It is one the largest employers in the county.

Although government policy is the subject of the next major section, it is worth noting that the development of these large shopping malls and other out-of-town developments became an element of the then government's policy on social exclusion and urban regeneration. Before this issue was high on the political agenda, the early schemes were also geared to a policy of regeneration. The Metro Centre in Newcastle was an enlarged retail park which had been built on former colliery wasteland, and Meadowhall near Sheffield was the site of former steelworks. More recent developments, such as Braehead in Scotland, were planned through partnerships between the developer and urban regeneration agencies. The Braehead complex is a massive (285 acres) mixed-use development encompassing retailing, leisure, housing and public parkland on the site of a former shipbuilding area on the River Clyde within the Glasgow–Paisley conurbation. Although there was considerable opposition to the scheme when it was first proposed, Braehead is now promoted as a growth area within the conurbation, and the development of the site represented a major opportunity for employment generation in nearby social inclusion partnership areas.

1.3.4 Waves of Retail Decentralisation

Out-of-town shopping centres were classified as the third wave of retail decentralisation in the UK. Schiller, writing in 1986, viewed M&S's commitment to out-of-town investment as the 'coming of the third wave'. The two earlier waves of decentralisation had a much greater impact upon the urban landscape. The **superstore**, pioneered by ASDA in the late 1960s, became the predominant food trading format in the UK for the major multiple retailers by the 1980s. Unlike in France, where the **hypermarket** (over 50 000 sq. ft) was the main large store format, the superstore (25–50 000 sq. ft) was the preferred model in the UK. Initially there was considerable opposition to these large-scale formats, and protracted planning enquiries were a feature of the 1970s. At this time ASDA traded from sites where they could obtain planning permission, often disused mills in the textile regions of Yorkshire.

The acceptance of the superstore format by consumers, retailers and, somewhat reluctantly, planners saw the closure of small, in-town, food stores and the construction of purpose-built superstores, invariably as anchor tenants in district centres. The fight for market share led to the so-called 'store wars' in the late 1980s/early 1990s as retailers scrambled for available sites. Throughout the 1970s and 1980s, discussion on saturation levels always featured prominently in the trade press. Figures of 600, 700 and 800 were mooted and then passed. By the early/mid-1990s the position began to change. Some retailers, including ASDA, became financially crippled because of their expansion plans, asset values for store properties fell, and fewer planning appeals at public inquiries were accepted for superstore development. The rate of growth slowed in the 1990s/early twenty-first century. Nevertheless, by about 2000 there were still around 1200 superstores in operation, and the key players were actively developing new sites, although the focus had changed. Tesco and Sainsbury's moved back into town centres with their Metro and Local formats, while at the same time, along with their main competitors, Safeway (later Morrisons) and ASDA, they were developing larger hypermarket formats to increase sales and profit margins from non-food lines. After the takeover by Walmart, large 'Walmart-style' ASDA supercentres were successfully rolled out across the UK.

The second wave of retail decentralisation began in the late 1970s and quickly gained acceptance as an established trading format. Much of this can be attributed to the success of superstores. Just as consumers preferred the 'one-stop' shop for their bulky weekly groceries, they did not want to carry heavy DIY materials through town centre streets to car parks or bus stations. The forerunner to retail parks was the retail discount warehouse. Here the early pioneers of out-of-town non-food retailing traded from an assortment of makeshift, converted properties.

Thus, just as ASDA was the pioneer for superstores, MFI championed the case for out-of-town furniture retailing, B&Q for DIY, and Comet for electrical goods. By the 1980s, **retail parks** mushroomed on the ring roads of most towns as planners acknowledged that industrial sites could not attract manufacturing jobs compared with those retail opportunities. By the mid-1990s, the pace of growth had slowed down and the composition of tenants in retail parks was changing. The original tenant mix was strongly based on the DIY, electrical, furniture and carpet warehouse format. New entrants appeared that were more associated with high-street retailing. Clothing and sports retailers (JJB Sports) and even that bastion of in-town retailing, Boots the Chemist, are represented. Retail parks grew in size, and some large retail parks incorporated fast-food restaurants and other leisure facilities. This trading-up of the original format made retail parks an attraction to consumers for comparison retailing to the extent that they could be classified as third-wave decentralisation.

The conversion of a retail park to the Metro Centre illustrates the blurring of categories. This also occurred with Fernie's fourth wave of decentralisation. He argues that a new wave of retail decentralisation began in the 1990s in the UK based on a more upmarket, but value for money, retail proposition. The importation of two US formats to the UK – **warehouse clubs** and **factory outlet centres** (*see* Box 1.1) – was different from the third wave and coincided with the advent of other discounting formats in the UK in both food (hard discounters) and non-food (Matalan, New Look, Peacocks). This wave of decentralisation, comprising a range of formats, was referred to as 'the breaking of the fourth wave'.

Box 1.1: Factory outlet centres in Europe

Factory outlet centres (FOCs) were one of the fastest-growing formats in US retailing in the 1980s. They were developed initially as a profitable means of disposing of excess stock by manufacturers. The original formats were more like factory shops, but by the late 1970s/early 1980s purpose-built outlet malls were being constructed and managed in a similar way to conventional shopping centres.

By the mid-1990s, FOCs accounted for around 2 per cent of all US retail sales but the format was maturing, with around 350 outlet centres with an average size of 14 000 square metres. It was around this time that US developers sought growth opportunities in new geographical markets. Europe was a logical choice for market entry, as the main country markets of the UK, France and Italy had a tradition of factory shops.

The UK, however, was the initial target area for US developers, notably McArthur Glen, Value Retail, Prime and RAM Eurocenters. In 1992 and 1993, two small indigenous schemes had been developed at Hornsea and Street by companies which had gleaned some experience of US operations.

The UK development of FOCs can be viewed in three distinct stages: 1993–1996, 1997–1999, and 2000 to the present. In the first phase, there were ambitious plans to build over 30 US-style FOCs within 3–4 years. Unfortunately for developers, these proposals came at a time when the government was hardening its stance towards out-of-town retailing, and planning permission was often refused or deferred. A notable landmark was the Secretary of State's decision to reject RAM Eurocenter's proposal for Tewkesbury after a 2-year deliberation (despite local council support). This resulted in a scaling-down of some developments and the withdrawal from the UK market by some US developers.

The 1997–1999 phase witnessed a gradual acceptance of the format. Developers changed their strategies and either looked for sites which already had retail use designation for planning purposes or sought brownfield regeneration areas. The acceptance of the format was reflected in the attraction of institutional investors to schemes, as some companies such as BAA/McArthur Glen sold equity stakes in existing schemes to fuel further expansion or initial developers sold out to property companies (C&J Clark to MEPC).

The most recent phase from 2000 to the present has led to the redevelopment or extension of some of the earlier sites. To differentiate from other FOCs and competing retail formats, new developments have had innovative designs such as Ashford in Kent or have stressed leisure-related activities (Gunwharf at Portsmouth, Manchester). This will be necessary as overcapacity is reached in certain regions, such as Scotland and the North-West of England.

In theory, other European markets should be receptive to FOCs because of their culture of factory shops and, in the case of France and Germany, a strong price-led retail environment. Developments were slow to materialise, however, because of extensive lobbying by interest groups resistant to change in the retail structure. This did not deter developers from moving into Europe having gained experience in the UK.

Most developers focused their attention on specific markets, notably:

- upmarket areas close to capital cities or cosmopolitan cities – for example, Paris, Berlin, Vienna, Madrid, Barcelona, Munich, Florence;

- near large catchment areas, often on cross-border routes – for example, Mendrisio, Roermond, Zweibrucken, Maasmechelen (the latter two are brownfield sites).

Warehouse clubs were originally envisaged to be represented throughout the country with 50–100 sites being developed, but by 2012 Costco, the only operator, had 22 sites open after 19 years of experience in the UK market. Planning problems can account for some of the slow growth, but the UK consumer, unlike its US counterpart, neither has the physical space to stock bulk purchases nor has the appetite for shopping in limited-line, discount sheds.

Factory outlet centres have fared much better and by the 2000s had become a mature retail format, with operators looking to the rest of Europe for expansion. It can be argued that the nature of UK developments differs from the original US model as developers have had to comply with changes in government policy (*see* Box 1.1). As with earlier waves, locational 'blurring' exists. The Galleria, a failed off-centre shopping mall, was successfully converted to a factory outlet centre, and the outlet centre at Livingston in Scotland is adjacent to a retail park *and* a superstore operator!

1.4 The Role of Government

The regulation of retail activity has shaped the structure of retailing in many country markets. While most retailers have had to conform to national legislation with regard to 'operational' legislation, such as health and safety at work, hours of opening and employment laws, the internationalisation of retailing and the advent of the Internet have led to the establishment of legal frameworks *across* national boundaries. This is particularly relevant to the EU, where Directives emanating from Brussels are implemented by national governments (*see* Box 1.2). Of course, one of the most significant changes to European retail business was the changeover to the euro for 11 member states in 2002, leading to short-term costs for retailers, with changing prices in their stores, modification of their IT support systems, and staff training to cope with the change. The benefits were more long term in nature. A single currency promotes freer movement of goods and makes it easier to source from foreign markets. Furthermore, price transparency is increased – for example so-called 'rip-off Britain' claims would be put to the test if exchange rate fluctuations were removed from the equation. In order to avoid excessive detail on all aspects of public policy, the focus of this section will be on competition policy and retail planning.

Box 1.2: EU legislation relevant to retailers

Directive on the sale of consumer goods and associated guarantees (1999/44/CE)

The aim of this directive is to establish minimum rules of protection around which member states can adopt or maintain more stringent provisions. Consumers can now seek redress for the sale of a defective product within two years of delivery and receive a price reduction or their money back within one year. Some problems with implementation in the 2000s occurred because of divergent regulatory provision between member states.

Directive 97/55/EC amending Directive 84/45/EEC concerning misleading and comparative advertising

This amendment now allows for comparative advertising as long as the advertising is objective, it is not misleading, it does not discredit a competitor's trade mark/name, and it compares goods/services meeting the same needs or intended for the same purpose.

Directive 96/6 on consumer protection in the indication of prices of products offered to consumers 1998

This is better known as the unit pricing directive in that it stipulates that the selling price of a product should be indicated as a price per unit to facilitate comparison of prices and clarify consumer information.

Directive 97/7 on the protection of consumers in respect of distance contracts

This directive aims to protect consumers from aggressive selling techniques by non-face-to-face methods, or by mail order or electronic retailing. It allows consumers the right to withdraw from a contract for up to seven days without penalty.

Directive 2000/31/EC was then established to provide a legal framework for the development of electronic commerce.

1.4.1 Competition Policy

We will first of all look at **anti-trust legislation** in the US, because policy there has had some bearing on how governments elsewhere have tried to control companies that exhibit anti-competitive behaviour. Table 1.7 provides a summary of the key laws that have been enacted in the US. The three main acts that provided the basis for subsequent modifications to anti-trust legislation were the Sherman Act of 1890, the Clayton Act of 1914, and the Federal Trade Commission (FTC) Act of 1914. The Sherman Act prohibited contracts and conspiracies in restraining trade, and outlawed monopolies. The Clayton Act reinforced this legislation by further prohibiting price competition that lessened competition, and forbade tying clauses on exclusive dealing arrangements that would impede competition. In the same year it was deemed appropriate that an organisation should be created to oversee the implementation of this legislation. The Federal Trade Commission (FTC) was created from the Act of the same name and was charged with stamping out 'unfair methods of competition'. This 'catch-all prohibition' was invariably left to the courts to decide, and the history of anti-trust legislation is inevitably bound to the interpretation of the law according to the political administration of the time. As a rule of thumb, Republican administrations have a tendency to favour business; Democratic-majority administrations have championed consumer interests.

Table 1.7 Anti-trust legislation in the US

Year enacted	Legislative act	Practices which impact on the retail sector
1890	Sherman Act	Resale price maintenance, illegal vertical integration and mergers, exclusive dealings, refusals to deal, resale restrictions.
1914	Clayton Act	Tying contracts, exclusive dealings arrangements, dual distribution.
1914	Federal Trade Commission	Price discrimination, dual distribution.
1936	Robinson–Patman	Price discrimination, promotional allowances.
1950	Celler–Kefauver	Horizontal mergers, vertical mergers.
1975	Consumer Goods Pricing Law	Resale price maintenance.

Regardless of the political dimension, most of the ensuing legislation tended to favour the small trader at the expense of the corporate giants. The landmark Robinson–Patman Act in 1936 made it unlawful for a company to knowingly induce or receive a discriminating price. This meant that sellers must charge the same prices to all buyers for 'goods of like quality'. There were exceptions where price discrimination was allowed, most notably where there were differences in the cost of manufacture, sale or delivery resulting from different quantities sold. Hence 'quality discounts' were allowed for bulk purchases. This act also ensured that powerful buyers would not extract special promotional allowances from weaker suppliers.

Of more significance to our discussion on the history of US food retailing is the Celler–Kefauver Act of 1950, which responded to an FTC report which expressed concern at a spate of merger activity in 1948. Not only did this act reinforce anti-competitive activity as a result of horizontal mergers, but it brought into play mergers at inter-channel level, i.e. vertically integrated mergers. The final piece of legislation shown in Table 1.7, the Consumer Goods Pricing Law, brought resale price maintenance (RPM) under federal anti-trust legislation and closed a loophole which had allowed manufacturers vertical pricing arrangements with retailers in some states. RPM primarily sets a minimum price at which goods can be sold, to prevent retailers from using manufacturers' products as 'loss leaders' to attract customers into the store but undermine the suppliers' reputation for quality.

In the 'Retail response' section, it was shown that consolidation in the US food retailing industry was slow until the 1990s because of the regulatory environment and the debt incurred by supermarket groups in the late 1980s/early 1990s. If we examine this more closely it can be argued that the anti-trust legislation inhibited the growth of large supermarket groups from the 1930s until the 1980s. Indeed, Wrigley notes that, by the early 1980s, the food retail industry was less consolidated than 50 years earlier, when A&P controlled 12 per cent of the entire US market. The Robinson–Patman and Celler–Kefauver Acts were very successful at protecting the small trader and inhibiting the growth of companies such as A&P by merger activity. The net result was that the US had become structured into a series of regionally focused chains. In 1989, the Chairman and Chief Executive of A&P contrasted the US situation with that of the UK: 'In the post-war years … the US marketplace, because of Robinson–Patman, moved to a regional structure and the old large chains lost out … (but) the UK without this disadvantage, moved to the consolidation route with the advantages of purchasing leverage driving the success of a few national chains' (Wood, 1989, p. 15).

From the early 1980s, for over a decade, the Reagan/Bush administrations began to loosen the regulatory net, allowing mergers to take place which might have been stopped in the 1960s and 1970s. The approach to horizontal mergers had been a 'fix-it-first' approach whereby predators attempting to appease the FTC agreed to divest themselves of some acquired stores where horizontal market overlaps occurred at local levels. During the 1990s, however, there was pressure from food manufacturers and smaller retailer chains for the FTC to tighten its regulatory stance. Criticisms were levelled at the divestment process in that the acquiring company was allowed to 'cherry pick' the stores to be disposed of. This meant that weaker stores were sold to weaker competitors, allowing the predator to win back market share and increase consolidation of market power.

By late 1999/early 2000, the FTC took a tougher enforcement stance, especially on the divestment of acquired stores. The notable case was the proposed acquisition by the Dutch group, Ahold, of the New Jersey Pathmark chain. Although Ahold was willing to divest a considerable number of its stores in the New York/New Jersey region, the FTC opposed the deal, which subsequently collapsed.

In Europe, competition policy is normally dictated at national government level unless an acquisition *across* national boundaries leads to the predator achieving a market share which would be deemed uncompetitive. In 1999, the German supermarket group, Rewe, notified the EU Commission that it intended to acquire the 343 outlets of the Julius Meinl chain in Austria. As Rewe was already represented in the Austrian market through its Billa subsidiary, the merger would give the combined group 37 per cent of the Austrian food retail market. In order to appease the Commission's objection to the bid, Rewe followed the US 'fix-it-first' policy and agreed to acquire only 162 stores, 45 of which were converted into drugstores.

In the UK, much of the focus on competition policy has been on **price competition** and the potential abuse of **market power** by large grocery retailers. It can be argued that the abolition of resale price maintenance (RPM) in 1965 was the catalyst to greater concentration in British retailing. Until then, retailers were obligated to sell products at suppliers' recommended retail prices. The 1965 legislation allowed retailers to compete on price for all products except books and pharmaceuticals, which were allowed RPM until the late 1990s. It was pressure from the large supermarkets in the 1990s to give customers competitive prices, especially on over-the-counter drugs, which led to the removal of legal support for RPM in these last two product categories.

The growing power of retailers, especially the grocery multiples, has been a recurrent feature of competition policy during the last three decades. In the first half of the 1980s, food retailers came under the scrutiny of the Office of Fair Trading (OFT) through two reports, *Discount to Retailer*s (Monopolies and Mergers Commission) and *Competition and Retailing* (OFT). The latter report, published in 1985, assessed the nature of competition and the degree of profitability of food retailing from 1975 to 1983, whereas the Monopolies and Mergers Commission report in 1981 assessed whether volume discounts to large retailers were being passed on to grocery shoppers. In both cases the growing power of the multiple retailer was not deemed to be against the public interest.

In the mid- to late 1990s, there was a further upsurge of discussion on retail power and competition. A series of research reports were published by the OFT from 1996 to 1998; the new Blair government argued that the British consumer was being 'ripped off' by retailers, and it initiated an investigation into the competitive behaviour of the largest supermarket groups by the Competition Commission (published in 2001). After a lengthy review and a delay in publication, the Commission did *not* find evidence of anti-competitive behaviour or that the British consumer was being 'ripped off'. Indeed, it argued that the higher British prices were partly related to higher costs, but mainly because of the high pound and exchange rate fluctuations.

Throughout the 2000s, the supermarket industry was subject to further scrutiny by the OFT and Competition Commission as a result of Morrisons' takeover of Safeway, question marks over a lack of local competition and the possible abuse of market power by retailers over their suppliers. The net result of these investigations has been a shift to a more US form of regulation (for example, Morrisons had to divest over 50 stores after its takeover of Safeway), the allowing of greater competition at local level and the initiation of a supplier code of conduct to moderate abuse of market power (Competition Commission, 2008; Elms *et al.*, 2010).

1.4.2 Retail Planning Policies

Government planning policy also affects patterns of retail development. It is interesting to note in a comparison of UK and US competition policies that the UK government did not initially go down the route of insisting that the predator divest of stores in areas where local monopolies can occur as a result of an acquisition. By contrast, it is much easier in the US to receive planning approval for new store development. The rise of the 'big box' retail formats in the US, and to some extent Canada, can be attributed to the availability of land and the need to accommodate a car-orientated society. In its early decades of expansion, Walmart was welcomed to many small towns in Middle America as a sign of modernity and growth for the community. These communities even offered tax incentives to build! However, opposition to Walmart grew as evidence showed that small, traditional retailers closed down, unable to compete with the price discount format. Ultimately this slowed the process of Walmart's acquiring and developing sites in North America, especially in California and New York, where resistance to the retail giant has been strong.

The situation is different in Europe, as Walmart and other US retail chains discovered when they planned expansion outside their domestic market. Most planning legislation has been geared to protect traditional town centres and small-scale retailers from excessive out-of-town shopping developments. The international growth of multinational retailers such as Carrefour, Ahold and Delhaize can be attributed to restrictive planning regulations in their home market. For example, the Loi Royer, legislation to restrict the growth of hypermarkets, was introduced in France in 1973 after extensive lobbying during the 1960s by independent retailers who feared the growth of hypermarket development. In 1996, the Raffarin Law introduced further restrictions whereby developers have to apply for permits to open new or extended units over 300 square metres. Planning legislation was relaxed in 2009, allowing units over 1000 square metres to open in towns with more than 20 000 inhabitants.

In Germany, the Netherlands and Ireland, similar trends have been discerned in that planning regulations are still strict compared with those in the US but some degree of relaxation of size and location restrictions has been imposed as the economic environment deteriorated. In 1999 the Italian government introduced the Bersani Law, which simplified the complex, multilayered system of approvals required, in addition to specific authorisations for product types sold. The categories are now food and non-food, and clearer rules have been initiated with regard to planning approvals in relation to size of store and size of town. For example, to open a small outlet (150 square metres) in towns of fewer than 10 000 people, the local authority gives approval; for large outlets (over 2500 square metres) in towns of over 10 000 population, permission must be sought from a committee representing the city, province and the district. Despite amendments in the 2000s, the Italian regulatory environment is still not attractive to large international grocery retailers.

Whereas the more mature retail markets of Europe have begun to liberalise their regulatory framework, countries subjected to international development by large retail groups have introduced tougher planning rules in an attempt to introduce Western European-style regulation to their markets. These markets include Eastern European countries, such as Poland, and some Asian markets, for example Thailand.

We now turn in more detail to **British retail planning policy**, primarily because it was seen to be more *laissez-faire* than policies in other parts of Europe, thereby attracting US companies to the UK to develop warehouse clubs, factory outlet centres and other large-scale formats. An outline of retail planning policy in the UK is given in Box 1.3. In essence, the first 20 years of planning policy was geared to maintaining the existing shopping centre hierarchy with a presumption *against* any type of development which was not zoned for retail use, i.e. in-town centres or district centres. From 1977 the government used a range of policy initiatives to attempt to strike a balance between the needs of consumers, retailers, developers and local authorities. In the 13 years of the Thatcher administration (1979–1992), there was a considerable relaxation of planning controls. Advice to local authorities through Development Control Policy Notes (DCPNs) ensured that first- and second-wave operators could develop off-centre sites for food and non-food superstores.

Box 1.3: Retail planning policy in the UK

The basis for modern British retail planning dates back to the 1948 Town and Country Planning Act, when planning authorities had to produce plans to guide developers towards preferred locations for particular land uses. Regional authorities would provide broad structure plans, and lower-tier authorities developed local plans for their areas.

When the legislation was introduced, Britain was embarking upon a redevelopment of cities after the war. Local authorities were often the main instigators of these developments as they invariably owned much of the land in town centres. The focus of retail investment was therefore in these centres and in district centres in suburbia.

The so-called retail hierarchy was established at this time in that the land use category for retailing was designated in central areas, and any development outside these zones would be deemed to be outside the local plan. It was the development of superstores in the late 1960s and early 1970s which challenged the status quo. Several high-profile public inquiries took place at this time as developers argued that bulk grocery shopping was better suited to edge-of-town sites, and that town centres would not lose the large amounts of trade predicted from such developments.

By 1977, the government acknowledged that some developments were better suited to edge-of-town sites because of their space requirements. This was embodied in advice to local authorities through Development Control Policy Notes (DCPNs). DCPN13 opened the door for the rapid expansion of the 'second wave of decentralisation', the development of retail parks throughout the 1980s. Although most shopping centre developments continued to be built in conventional downtown sites, the coming of the 'third wave' of decentralisation in the late 1980s led to the government amending DCPN13.

By 1988, the government introduced Planning Policy Guidelines (PPGs). The relevant guidelines for retailers were PPG6 and PPG13. PPG6 sought to maintain a balance between the vitality of town centres and these new retail formats located in edge- or out-of-town sites. By 1996, PPG6 was substantially revised and amended to tighten the tests of acceptability for new out-of-town proposals. A sequential test was introduced whereby developers had to show that no sites were available in town centre locations for their form of development. It was in 1994 with PPG13 that the sequential test was first mooted in relation to the accessibility of sites by all forms of transport.

The change to a Labour administration did not lead to a change in direction of policy. From 1997 until the late 2000s it was clear that a developer could not expect to receive planning permission just because the proposed development was too large to be built on a town centre site. The assumption was that an element of 'downsizing' might be necessary. Furthermore, developers wishing to expand on existing sites did also have to undergo the sequential test. Many developers, predominantly the large grocery retailers, tried creative ways to get round the legislation. Tesco and ASDA, in particular, built mezzanine floors in their large hypermarket formats. By the mid-2000s, however, the government had closed this planning loophole.

The most significant change for over a decade occurred in the late 2000s/early 2010s. The economic crisis of 2008 and its aftermath had a significant impact on the retail environment, with high-profile failures (Woolworths, MFI) and store closures. In 2009 the Labour government introduced PPS4; its very title – Planning for Sustainable Economic Growth – indicates that development will be allowed if economic regeneration is likely to be achieved. The Conservative-led government was committed to relaxing planning regulations as a means to stimulate business growth.

It was the development of third-wave decentralisation which prompted a revision of government policy through **Planning Policy Guidelines** (notably PPG6 and PPG13) introduced in 1988. PPG6 and its subsequent revisions aimed at giving advice on achieving a balance between the vitality of town centres and new development; PPG13 sought to integrate transport and land use planning and, in the case of retailing, tried to ensure that new retail developments would be reached by public transport.

Until the early 1990s retailers had limited opposition to their plans, and market share could be achieved through the so-called 'store wars'. Retailers would appease local authorities with sizeable donations to community projects to secure planning permission (the term for this was 'planning gain'). If a local authority rejected the application, the retailer appealed and had an 80 per cent chance of success at the subsequent public inquiry.

By the mid-1990s, policy was changing. PPG13 and PPG6 were revised in 1994 and 1996 respectively, and government ministers began to take a harder line towards new out-of-town developments, especially as an all-party House of Commons Select Committee in 1994 recommended that the 'tests of acceptability' in the PPGs should be enforced more rigorously.

The main thrust of the new policy was the sequential test whereby a developer had to show that a proposed new out-of-town development could not be located in nearby town centres or district centres. Under the Secretary of State at the time, a strict interpretation of the planning guidelines was introduced. This impeded development of factory outlet centres in the UK and encouraged developers to look for sites in Europe instead.

This shift in stance continued with the election of a Labour government in 1997. The sequential test was extended to include extensions of existing sites, and this firming of planning controls was reflected in the fall in success rates of those retailers taking a rejection of planning permission to appeal (20 per cent compared with 80 per cent a decade earlier).

A loosening of planning restrictions occurred later in the Labour government and after the election of a Conservative-led coalition government in 2010. The main catalyst for change was the economic recession and therefore a need to introduce measures that could facilitate economic recovery and growth.

Social exclusion was an important initiative of the 1997 Labour government, and Policy Action Teams (PATs) were established to formulate policy in this area. PAT13 reported on ways of improving access to shopping and financial services through eliminating 'food deserts' and facilitating urban regeneration in areas ravished by blight and disinvestment (Clarke and Bennison, 2004).

When it was difficult to secure planning permission in retailers' preferred out-of-town sites, those seeking new opportunities for growth began to explore the possibility of developing in-town sites in 'brownfield' areas. It was shown earlier how factory outlet centre developers had reassessed their locational policies and began to develop sites in existing centres, many of which were in need of regeneration. Food retailers also incorporated social inclusion initiatives as part of their strategy for receiving planning permission in areas with social inclusion partnerships. The most quoted case is the development of a Tesco Extra store at Seacroft, Leeds, in 2000. Seacroft is one of the largest housing estates in Europe, and its district centre, built by the local authority in the 1960s, was largely derelict. Tesco redeveloped the whole site, trained and recruited the long-term unemployed in the area for its store, and offered lower prices, more choice and a better diet for local residents. Tesco planned seven more stores of this type using a similar regeneration partnership to that in Leeds.

It is worth noting that large store development of this type was in conflict with PPG6, which advised local authorities *not* to release urban land for retail development if the land had potential for other employment opportunities. There are other inconsistencies in government policy. We have already shown that the government was keen to promote competition by investigating allegations of abuse of market power. But how could retailers offer low prices in suboptimal sites? Large store formats benefited from scale economies, within the store and through supply chain efficiencies, which were passed on to customers. Companies which built large store formats prior to the tightening of planning controls had a competitive advantage over late entrants who either could not get sites or had to settle for a poorer location. This occurred in a haphazard way in the 1970s and 1980s when local authorities, rather than the retailers themselves, seemed to be the determinants of competition policy. History repeated itself in that pre-1997/98 operators had 'open A1' planning consent, which allowed them to introduce any retail items in a store conversion. This approach was adopted by ASDA in the introduction of supercentres.

Another area of dispute was the government's sustainability policies. Whilst PPG13 encouraged the development of sites with access to all forms of transport, large store formats could have positive environmental benefits if developed on 'brownfield' sites. Most developers of these formats had enlightened sustainability policies, and such formats were arguably better for the environment than town centre sites, which are difficult to access by customers and distributors of store stock.

Learning Summary

The last section on retail planning policy illustrates the complexities of managing and regulating the retail environment. Consumers are more demanding, affluent and mobile than ever before, *but* a sizeable segment of the population is poor and socially excluded from a range of services, including retailing.

Retailers have to respond to consumers' needs by providing a retail offer through appropriate formats. For many 'big box' retailers and category killer specialists, this means large store formats in out-of-town sites. In much of Europe, such developments are viewed by many governments as a threat to the viability of existing town centres and planning regulations have been developed accordingly. The problem here is that the lobbying by retailers and local authorities is geared to maintaining the rigid status quo hierarchy of shopping centre provision. Is this in the public interest, or is it a form of protectionism of existing retail structures? The creation of regeneration partnerships to benefit areas deprived of retail investment is a positive step to address the issue of 'food deserts' and other accusations that large format developments cater for the wealthier, more mobile segments of the population. Clearly, to achieve maximum operating efficiencies, these retailers need large sites, which are unlikely to be available in town centres. Policy makers must therefore ensure that restrictive policies on large format development do not impede retail competition, which will lead to higher prices and adverse effects on economies.

Review Questions

Multiple-Choice Questions

1.1 Why is it important for retailers to understand the changing consumer?

A. In order to meet customer needs.
B. To make profits.
C. To compete effectively in the market place.
D. To forecast shopping behaviours.

1.2 What is meant by the term 'demographic trends?

A. Trends in shopping behaviours.
B. Trends in population.
C. Trends in society.
D. Trends in lifestyles.

1.3 The 'greying population' is the result of two key factors. What are they?

A. The move to a 24/7 economy and shopping as a leisure activity.
B. Lower fertility rates and increased life expectancy.
C. Raising the retirement age and recruitment of older staff.
D. Higher stress levels in the working population and less time for exercise.

1.4 What proportion of the European population is expected to be over 60 by the year 2030?

A. 5 per cent.
B. 10 per cent.
C. 20 per cent.
D. 30 per cent.

1.5 In the UK the demand for houses has increased despite a relatively static population size. Why?

A. Children leave home earlier.
B. The divorce rate has risen sharply.
C. Growth in ownership of second homes.
D. All of the above.

1.6 What is the implication of the rise in household numbers for retail organisations?

A. More and smaller outlets will be needed.
B. The consumption of food products will rise.
C. There will be more demand for household products.
D. People will tend to buy in bulk.

1.7 Which is the only category of household types in England which is experiencing decline in numbers?

A. One person.
B. Lone parent.
C. Co-habiting couple.
D. Married couple.

1.8 The 'demographic time bomb' was expected to produce labour shortages in the early twenty-first century. What has happened to 'defuse the bomb'?

A. Extended life expectancy has led to extended working lives.
B. There was a marked increase in the number of working women in the labour force.
C. A culture was created in which working long hours was the norm.
D. Both A and B.

1.9 Why has the rise in female workforce participation fuelled the move to 24/7 retailing?

A. It means wages can be kept low while hours of opening can be extended.
B. Women are often better educated and more flexible employees.
C. Females are more loyal and hard-working employees.
D. There has been a rise in tandem child rearing as one parent works days and the other nights.

1.10 'Cyclical changes in the economy have a major impact on discretionary purchases.' What does this mean for retailers during an economic upturn?

A. Consumers will spend more on food shopping.
B. Value retailing declines in importance.
C. Customers will spend more on non-essential items.
D. Consumers will defer purchase of luxury items.

1.11 In the UK 'real' disposable income grew throughout the 1990s. What was this likely to mean for grocery retailers in terms of the stock bought by their regular customers?

A. They would buy larger quantities of the goods they normally bought.
B. They would buy larger stocks of goods at promotional prices.
C. They would buy a higher proportion of value added goods.
D. They would demand better levels of service.

1.12 Which of the following, due to the high level of home ownership in the UK, is liable to positively affect high-street retailers?

A. A lower proportion of disposable income spent on retail goods.
B. A drop in short-term interest rates.
C. A higher proportion of working women.
D. Higher expenditure on non-essential purchases.

1.13 How has the pattern of ‘trading up’ in home ownership affected average weekly expenditure on household goods?

A. The proportion of expenditure on household goods has greatly increased.
B. The proportion of expenditure on household goods has slightly increased.
C. The proportion of expenditure on household goods has decreased substantially.
D. The proportion of expenditure on household goods has remained virtually the same.

1.14 Why is this the case?

A. Because investing in a home requires substantial investment in the goods for maintaining and furnishing the home.
B. Because investing in a home will involve some investment in home furnishing.
C. Because the amount spent in acquiring a home substantially decreases the amount available for furnishing and maintaining it.
D. Because the cost of household goods has not risen as much as levels of disposable income.

1.15 How can a retailer of household goods respond successfully to this socio-economic trend?

A. Increase the volume of goods sold by maintaining competitive prices.
B. Increase the quality of goods sold while maintaining competitive prices.
C. Increase the value of goods sold while maintaining competitive prices.
D. All of the above.

1.16 Considering the patterns of household expenditure between 1960 and 1998/9, which of the following investments made by a home improvement and garden centre would be likely to attract most additional expenditure from customers?

A. Delivery and installation service.
B. Games room and soft play area to occupy children while parents shop.
C. Developing a department selling leisure and sports goods.
D. Landscape design service.

1.17 Christopher Field, in 1998, identified some characteristics of ‘new’ consumers. Which of the following is an example?

A. Consumers are more likely to be ‘grey’.
B. Consumers tend to be fickle and easily bored.
C. There is an ‘underclass’ of poor, long-term unemployed.
D. More consumers are taking overseas vacations.

1.18 How could a fashion retailer overcome the problem of ‘transient’ customers?

A. Develop a range of merchandise which targets this growing consumer group.
B. Have a range of ‘sale’ merchandise in the shop at all times.
C. Extend the length of seasonal ranges.
D. Join or create a customer loyalty scheme.

1.19 The UK population, according to Christopher Field (1998), has lost faith in 'collective' organisations, and this is evidence of the individualistic nature of today's consumer. Which of the following is partial evidence that individuals still express the need for security and solidarity?

A. 'Tribal' behaviour of football supporters.
B. Growth of shopping as a whole-family leisure experience.
C. Rise of shopping from home via mail order, Internet and TV.
D. Shopping is viewed as a method of meeting a partner.

1.20 What impact does the rise of individualism have on a retailer's decision to create a merchandise range which targets a group of customers with a particular lifestyle, for example young city dwellers? (You may select more than one answer.)

A. It is increasingly difficult to segment consumers into discrete categories.
B. It is hard to decide which group of customers will bring in the most profit.
C. Consumer behaviour is hard to predict within a customer category.
D. The lifestyle will change over time.

1.21 In terms of the younger generation market in the UK, which category of customers has the following characteristics?

> Married with children.
> Drive a BMW, thinking of setting up own business.
> Work hard, play hard.
> Read 'right of centre' quality press.

A. Progressive leaders.
B. Cross-roaders.
C. Confident introverts.
D. City boys.

1.22 What word is missing from the following sentence?

> 'The retail response to changes in consumer behaviour has made the retail sector one of the most _____ sectors in modern economies.'

A. dynamic
B. unpredictable
C. buoyant
D. profitable

1.23 Which country has been a major force in retail innovations since the 1920s?

A. Japan.
B. UK.
C. US.
D. Germany.

1.24 What is the main marketing tool suggested for a retailer wanting to compete in the German market?

A. Promotion.
B. Price.
C. Product (retail format).
D. Place.

1.25 Why have British, Dutch and Japanese retailers embraced 'just in time' operational techniques compared with the US or even German and French retailers?

A. There is less development land, so taking inventory out of stores reduces costs.
B. They operate on much lower sales per square metre ratios than their European and US counterparts.
C. They are more customer focused and therefore need to turnover merchandise more quickly.
D. They are more proactive in adopting innovative logistical practices from other countries.

1.26 One of the problems facing independent retailers and small multiples in the UK is concentration in the retail industry. Why does concentration pose a threat to any small retailer?

A. Focus means efficiency and efficiency means lower costs, and hence lower prices.
B. Individualism, as a growing feature of lifestyle among consumers, makes people more fickle in their shopping habits.
C. Investment in technology, buying and distribution gives large retailers economies of scale and focus on growth.
D. Format development is a main strategy of the largest retailers.

1.27 What prevented the planned large-scale development of out-of-town shopping centres in the UK which was envisaged in the mid-1980s?

A. The stock market crash of 1987.
B. Recession.
C. Changes in planning policy.
D. All of the above.

1.28 A UK food retail organisation incorporated social inclusion initiatives as part of its strategy for receiving planning permission in areas with social inclusion partnerships. Which of the following was a likely outcome of this strategy? (You may choose more than one option.)

A. Redevelopment of a brown-field site.
B. Recruitment and training of long-term unemployed.
C. Lower prices, choice and diet for local residents.
D. Eliminate of one or more retail 'deserts'.

1.29 The emergence and development of factory outlet centres was a feature of which 'wave' of UK retail development?

A. First.
B. Second.
C. Third.
D. Fourth.

1.30 Why was the fourth wave of out-of-town retail development referred to as 'the breaking of the fourth wave'?

A. Because the fourth wave of retail development included out-of-town retailing formats such as those that were a feature of transport hubs situated in ports around the British Isles.
B. Because the first three waves of out-of-town retail development were comprised of single forms of retail development whereas the fourth wave involved a range of retail developments.
C. Because the fourth wave involved the development of retail formats that had already developed a presence in the UK market during the first three waves of out-of-town retail development.
D. Because the fourth wave of retail development emerged from the United States but its effect was distorted to accommodate the needs of the smaller UK market.

Content Questions

1.31 Discuss the criteria used to rank the retailers in the table. What other measures could be used to rank retailers?

1.32 Comment upon the retail rankings in the latest *Retail Week*.

1.33 Discuss three of the main consumer trends in the 2000s, and assess the impact such trends will have on a regional convenience store operation.

1.34 Discuss the influence of planning policy in shaping the four waves of retail decentralisation in the UK.

1.35 Analyse the role of planning policy in shaping retail development in differing geographical markets.

1.36 To what extent do you agree that the UK government's policy towards the retail sector has been inconsistent and contradictory in its formulation and implementation?

1.37 Explain current responses of a major food retailer to changes in patterns of consumer shopping.

1.38 Explain why concentration of the food retail industry in the US has lagged behind that of the UK, and give reasons why the trend to concentration, which accelerated throughout the 1990s and early 2000s, is expected to continue.

1.39 Politics, culture and history have an effect on retail internationalisation and innovation. Discuss, with regard to one retail format, drawing conclusions on how the retailer has responded to the needs of the specific country market.

Case Study 1.1: Freeport Leisure plc

Factory outlet retailing grew in the 1990s out of the desire of US factory outlet developers to tap new overseas markets for a retail format which was reaching saturation in the home market. In the US factory outlet centres were sizeable, upmarket, out-of-town malls in which fashion and household goods were sold. This gave manufacturers a chance to retail end-of-season and experimental stock at a considerable mark-down – 30–50 per cent from high-street prices. The UK was regarded as a key entrypoint to the European market, which was targeted by a number of developers, among them McArthur Glen, Value Retail, Prime and RAM Eurocenters.

The UK already had a history of factory shopping, and prior to the US entrants two small indigenous schemes, influenced by experience of the US market, had already been developed in England. In 1993, the large US developers had plans to develop over 30 centres in the UK within 3–4 years. At this point in time, however, the UK government was changing its stance towards out-of-town shopping provision due to the impact on town centres of large out-of-town retail park and regional shopping centre developments during the late 1980s. Subsequent problems in gaining planning permission slowed down the development programmes of the US factory outlet developers and gave Freeport Leisure, a UK organisation founded in 1994, a window of opportunity with which to develop and promote a mutated form of the original US format. The Freeport concept incorporated manufacturer and retailer outlets together with leisure provision, originally on a smaller scale more acceptable to the UK planning regime.

Freeport Leisure plc grew to become one of Europe's leading factory outlet developers. The outlet centres run by the organisation included the UK's earliest factory outlet centre at Hornsea (opened 1994) together with centres in:

- Fleetwood (opened 1995);
- West Lothian (opened 1996);
- Talke (opened 1999);
- Castleford (opened 1999);
- Braintree (opened 1999).

The early centres, small by US factory outlet standards, were approximately 80 000 square feet, but the latter UK openings included a development of 250 000 sq. ft in Castleford, with 85 shops, while the Braintree development near London was 180 000 sq. ft in size, with 80 shops.

Freeport Leisure also entered the mainland European market with openings in Gothenburg in Sweden in 2001, and Kleinhaugsdorf on the Czech–Austrian border in 2003. In the same year further sites were under development and openings were planned for Lisbon, Portugal and Roppenheim, France. The pattern towards larger-scale developments was clear; the site in Portugal was over half a million square feet in size, with 200 outlets, 30 restaurants and a 21 screen multiplex.

1 Assess Freeport Leisure's successful response to the opportunities offered by a changing retail environment.

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