Retailing in Europe : Twenty Years On

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Introduction

"We are all familiar with the modern-day manager's mantra that we live in times of great and constant change… We perceive our environment to be in constant flux because we only notice the things that do change ….Sure, important changes have taken place recently, but the truth is that stability and continuity also form the basis of our experience. In fact change has no meaning unless it is juxtaposed against continuity." Huy & Minzberg (2003)

This quote, paraphrased from a Sloan Management Review article on different types of change, makes an important observation – that change is inherently noticeable and that change is only change because of how it contrasts with continuity or stability. When looking back over the past twenty years of European retailing it is almost inevitable that we look for dramatic change, for in drama we have the "best" stories. There are numerous ways to look at (or look for) change, including the above, but the inherent point within the Huy and Minzberg article is that alongside change we have evolution and development, and perhaps this is often overlooked as a type of change.

This paper starts by placing European retailing in context, with a brief reminder of the environmental setting(s) within which retailers in Europe operate. Change is then explored through one highly visible dimension – the scale of retail organisations - before turning to three broadly based areas of change which, it is argued, represent important underlying themes in European retailing. The intention is to focus on themes, rather than events, to provide a more complete understanding of how retailing in Europe has changes over the past twenty years.

The "European" Market

Before discussing retailing and retail change in "Europe" we need to establish the context. The European Union (EU), is often taken as a proxy for "Europe". The EU has steadily grown in size from the original six members of the European Economic Community, to now comprise 27 nations with a combined population of 495 million, with a further three countries (and 76 million inhabitants), having applied to join. Whilst a sizeable market, the EU however pales in comparison to China with a population of 1.3 billion, and India with 1.1 billion. Just as these vast countries should not be treated as a single consumer market, Europe is equally diverse in terms of population size, consumer culture, economic power and prevailing business practices – all of which impact on retailing.

The most recent expansions of the EU in 2004 and 2007, brought the former Eastern European and Baltic states, plus Cyprus and Malta into the fold, greatly increasing its diversity. In population terms, 53.5% of the EU population reside within the four largest markets (Germany, France, UK and Italy), and individual country size ranges from 82 million inhabitants in Germany to less than 500,000 in Malta and Luxembourg. Nineteen of the member states have a population of under 11.5 million, compared to the biggest city, London, with 7.5 million. The largest economy, Germany, is roughly the same size as the combined economies of the twenty smallest states, and the standard of living – measured as GDP per inhabitant in purchasing power standards - ranges from 15-40% above the EU average for the Northern European and Scandinavian countries to 30-50% lower for most former Eastern European and Baltic States, and around 50-60% lower in the case of Bulgaria and Romania. In short, “Europe” *aka* the European Union, is made up of a diverse range of individual markets of very different size and market potential.

The rich cultural and historical traditions found within Europe manifest themselves in different spending patterns and consumer cultures – although some attempts have been made to map European Culture into broad categories. Whilst common trends in demographic, socio-economic and political thought can be observed we are still a long way from a “United States of Europe” in respect of consumer behaviour and shopping patterns. From a retail perspective, this diversity is further reinforced by different public policy approaches across these nation states which have a direct impact on specific aspects of retail operations such as: sales techniques (legislation on promotional practices, advertising, trading hours); employment practices (union roles and recognition, maternity and social security payments, working hours); business practices (sales tax, supplier payments, rental agreements) and the development of stores (permissions for different sizes, types and locations of stores). Furthermore, within some of the larger countries these approaches and the implementation of them, may also vary between regions and even municipalities.

Many of these consumer and public policy related aspects have been examined at the national level. As with the studies exploring the abolition of retail price maintenance in the late 1960s and early 1970’s, academic interest had generally focused upon specific policy measures for example opening hour legislation (eg Freathy & Sparks, 1995; Grünhagen & Mittelstaedt, 2001), store planning policy (eg Francois & Leunis, 1991; Guy, 2006; Wrigley et al, 2006; Moreno, 2006; Van der Krabben, 2009) or below cost selling (Collins et al, 2001; Allain & Chambolle, 2003; Colla, 2006). Some attempts also have been made to compile comparative studies of retail policy (eg Davies, 1989; 1995) and to examine the broader economic impacts of legislation on a comparative basis, usually through international agencies such as the OECD (eg Pilat, 1997; Boyaud & Nicoletti, 2001).

Europe is therefore comprised of a series of “markets” exhibiting different social and societal contexts, which through what institutional theory terms the regulating, validating, and habitualising processes (Grewal & Dharwadkar, 2002) or the “norms, rules and beliefs surrounding economic activity that define or enforce socially acceptable norms of behaviour” (Oliver, 1997), create distinctive “national” behaviours. These distinctions must be borne in mind when one considers retail change in Europe over the past twenty years.

Structural Change in European Retailing

The last twenty years, like the previous twenty, has seen significant structural change in European retailing (Jefferys & Knee, 1962; Dawson, 1982; Burt,1989; Dawson & Burt, 1998; Dawson, 2001). Although retailing in Europe is still numerically dominated by small outlets and small organisations, in all markets and all retail sectors their share of sales is falling as their competitive position weakens relative to larger organised forms of retailing. However, despite these macro level changes in organisational structure, retail competition still takes place at the local level. This, combined with the differing socio-economic, cultural and institutional norms discussed above, generates a myriad of different retail landscapes across the continent of Europe.

Table 1 shows the largest European based retailers by retail sales for 1990, 2000, and 2007 according to the annual “Global Powers of Retailing” listings produced by Deloitte. Any ranking compilation of this nature is difficult owing to variations in the configuration of activities and organisation; the levels and detail of information disclosed in published annual accounts; and exchange rates. For example four large organisatons (Rewe, Edeka, Leclerc and Intermarché) are missing from the 1990 table – presumably owing to their quasi-buying group status at the time – although they then appear in the top ten in the rankings from the late 1990s. Despite these caveats, these listings (and the alternative sources) allow a broad picture to be constructed of relative change amongst the largest companies by sales volume over time. Over the period covered, Carrefour and Metro have maintained their positions near the top of the list, whilst Tesco (8^{th} to 2^{nd}) has risen steadily up the top ten, and the Schwarz group (25^{th} to 4^{th}), and IKEA (36^{th} to 15^{th}) have grown significantly in size. In contrast, Tengelmann (1^{st} to 14^{th}), Sainsbury (5^{th} to 12^{th}) and Marks & Spencer (12^{th} to 22^{nd}) have become relatively less important in terms of scale. Ahold’s adventurous acquisition-based internationalisation strategy of the late 1990s and the accompanying financial problems which came to light in 2003 are evident in a rise from 9^{th} in 1990 to 3^{rd} in 2000, and then a decline to 11^{th} in 2007. Similarly the initial multi-sector growth and subsequent demerger of Kingfisher is evident in its relative positioning over the period

Insert Table 1

Perhaps a more telling indicator of structural change which can be drawn from these rankings is the disappearance of seven companies which featured in 1990. Promodès and GIB are now part of Carrefour; Kaufhof and Asko part of Metro, and both Asda and Spar Handels were aquired by Wal-Mart (although if ASDA was recognised as a "European" company it would still rank around 13th in the table), additionally Argyll has changed name and ownership, first to Safeway and latterly to Morrisons. Others to disappear from the 1990 table include Karstadt, the troubled German Department store chain, which merged with Quelle in 1999 and appeared at number 40 in 2007 before filing for bankruptcy in June 2009. SHV Holdings, (59th in 2007) which sold its European Makro cash and carry operation to Metro in 1998, and Vendex, now trading as Maxeda, which has slipped to 69th in the listing. Finally, of those shown in the 2007 listing Baugar which only broke into the top thirty in 2005 has since collapsed as the banking crisis hit Iceland, and Coop Norden, an attempt to combine the trading operations of a number of Scandinavian retail cooperatives has broken up.

Any ranking based on sales volume alone is almost inevitably, given the scale of the sector, dominated by grocery based organisations. Notable over the period, however, is the relative decline of the former powerhouses of European retailing– the department store and mail order based groups. Seven such companies can be identified in the 1990 list, whereas only two, El Corte Ingles and PPR, still make the top thirty and in both cases group sales have been bolstered by grocery and speciality activities respectively. If we were to go back a further decade, to 1980, only Carrefour and Aldi have maintained a top ten position, and in addition to the relative decline of the department store\mail order groups the consumer coo-operatives have also lost ground – Coop Unternehmen (Germany) and the GGCC (France) both then in the top four, have collapsed, whilst Migros (Switzerland) and KF Konsum (Sweden), in part reflecting their embeddedness in small European markets, are found much lower down the current rankings.

These relative shifts reflect broad trends at the macro level in European retailing, and indeed retailing on a global stage. The continued search for scale and market share (either domestically or internationally), has led to increased concentration ratios in most, if not all, traditional retail product markets. Whilst this is most visible in the fmcg markets - raising public policy concerns over horizontal and vertical competition, the same picture is emerging in other non-food and smaller product sectors. In the battle for market share, brand development and format fragmentation have increased as both consumer loyalty is sought and market scope stretched. Whilst sector definitions tend to reflect traditional product or service based criteria (ie *what* is sold), the product and service lines sold by a single organisation are now increasingly blurred across traditional boundaries – for example how do we classify (in product line terms) retailers such FNAC?, or the growing number of discounters trading as € or £ shops ?; are the numerous "sports goods" retailers across Europe in the sport participation or the fashion business ? and given the expansion of their retail offer into non-food and financial services is it too simplistic to categorise Carrefour and Tesco as "grocery" retailers ? In response to these changes, alternative industry based definitions have emerged over the past twenty years which are more typically based around *how* products are sold – hence reference to discount stores, convenience stores, lifestyle retailers and when all else fails, category killers. This definitional debate, and the appearance of new categorisations of retail types, in itself signals change in European retailing – but also compounds the difficulty of developing comparable time-series data on store types and format across so many individual markets.

Market concentration and scale in retailing is often equated with "large", and is typically related to outlet size. Organisational scale does not however necessarily equate to outlet scale – of the largest grocery based retailers in Europe, Schwarz and Aldi predominantly trade through small shops, and others such as Carrefour, Rewe, and Edeka have a significant number of smaller outlets within their portfolio, either reflecting their wholesale origins or acquisition processes as they have grown. Organisational concentration via mechanisms which allow smaller organisations to benefit from economies of scale and scope is also evident. In the grocery sector Leclerc, Intermarché and System U in France and Edeka and Rewe in Germany effectively act as an umbrella trading organisation for groups of smaller independent retailers; whilst Intersport (sports goods), Expert and Euronics (electrical goods) and Euro-Active (photographic equipment) are examples of similar arrangements in non-food sectors.

A final observation from table 1 is the relatively short timeframe within which significant changes in relative scale can occur. Over the seventeen year period shown there are examples of the rapid rise and demise of retail companies. Although the focus, in both academic work and industry commentary, is typically on the larger, more visible, end of the retail sector (whether stores, sectors, or companies) this tends to underplay the scope of change in formats and operators in smaller retail product markets. It should also be noted from the relative changes in table 1 that scale is no guarantor of success - the large can also fall !

Trends in the broad macro level structure of retailing in Europe are just one dimension of change. In many respects these trends may be regarded as the outcome of a number of other processes or facets of change. In the remainder of this paper attention will be paid to three broad areas of change which have dominated the European retail landscape over the past twenty years:

- the emergence of new markets;
- the evolution of the retailer as a brand;
- and the significance of time as a dimension of competition.

These three themes are not unique to Europe, but would appear to underpin the most significant changes in European retailing over the past two decades.

The Emergence of New Markets

A dominant feature of European retailing is internationalisation. This in part is a function of the small scale of many European markets and the prevalence of national borders across the continent. The internationalisation of retail operations is measured in a variety of ways usually entailing variations around sales volume, proportion of total sales, number of countries or continents entered. A variety of motives (Alexander, 1990; Williams, 1992; Quinn, 1999; Tatoglu et al, 2003) and market entry mechanisms (Burt, 1991; Quinn, 1998; Peterson & Welch, 2000; Gielens & Dekimpe, 2001; Gripsun & Benito, 2005) have also been identified and explored within the literature. Reflecting this focus on the patterns and processes, various conceptual frameworks have been developed to categorise internationalising retailers (for example, Treadgold, 1988; Salmon & Tordjman, 1989; Helferich et al, 1997; Alexander & Myers, 2000; Wrigley, 2002; Burt et al, 2007).

Whilst it might be desirable to see retail internationalisation as an outcome of a clearly defined, linear strategy for growth, the role of chance and serendipity (Dawson, 2001) should not be discounted. It is difficult, for example, to envisage that the events of 1989 which changed the shape of Eastern Europe had been foreseen in the boardrooms of many Western European retailers. The collapse of the former Soviet block and the subsequent fragmentation of Yugoslavia, the USSR, and Czechoslovakia saw the emergence (or re-emergence) of “new” nation states and opened up these previously closed markets to western European retailers. A decade later, the Asean financial crisis of 1997-98, similarly provided the opportunity for international expansion into “developing” retail markets at a much lower cost and at a faster rate than previously envisaged. The opportunities for market entry and expansion afforded by these events will have changed the direction and trajectory of internationalisation plans.

The opportunities presented by the opening up of new markets such as Eastern Europe, has not been without its challenges. Whilst the exact manifestation varied from market to market, broadly speaking the retail legacy of forty-five years of “development” under a political doctrine which relegated retailing to a subservient role within state plans, was a network of small stores in planned locations with little investment in store environments, an under-developed supply chain and logistics infrastructure, and a dearth of retail management skills. These issues have left internationalising retailers with significant challenges in terms of transferring management skills and practices as they enter these markets (Hurt & Hurt, 2005; Rogers et al, 2005; Palmer, 2005).

In many of these Eastern European markets a similar pattern of change has emerged. In the early liberalisation period the privatisation of ownership, and the removal of restrictions on pricing and products ranges stimulated an explosion of small retail outlets and market traders. The shock of economic adjustment in this period led to declines in productivity, high unemployment and price inflation which coincided with a period of recession throughout Europe. Despite this instability, a number of western European retailers entered these markets primarily through smaller store formats such as discount stores and supermarkets, but also via the Cash & Carry format which serviced the post-liberalisation surge in small retail businesses. Most of these early entrants came from neighbouring countries. A second wave, from the mid-late 1990s saw the arrival of the traditional European "heavyweights" with larger outlets in the form of both hypermarkets and "big-box" stores in non-food, and speciality non-food stores encouraged by property investment in purpose built shopping centres. Since the turn of the decade a period of consolidation and market development has occurred with the departure or absorption of many of the early entrants, format expansion, and shifts from the major cities to smaller markets.

For all the high visibility moves and the *de facto* embedding of internationalisation in the strategic plans of European retailers of all shapes and sizes, for most companies internationalisation is a highly discontinuous process. Retail internationalisation is in a constant state of flux, characterised by divestment retrenchment, and re-adjustment of international portfolios (Burt et al, 2003; Palmer, 2004; Alexander & Quinn, 2002). For every success story, there are numerous examples of withdrawal (Tordjman, 1988; Jackson et al, 2002; Wrigley & Currah, 2003; Burt et al, 2004; Alexander et al, 2005). Acknowledgement of divestment episodes and the need reduce the risk of retail internationalisation has seen a move amongst the academic literature on European retailing to issues of knowledge transfer and organisational learning (Dawson, 2003; Palmer, 2005; Palmer & Quinn 2005) and to considerations of the impact of retail internationalisation on the structure, shape and behaviour of retailing in host markets (Dawson, 2003; Coe, 2004; Coe & Hess, 2005). Implicit within these developments is the recognition that retailers can shape markets as well as being shaped by markets.

Alongside new geographical markets, European retailers have also engaged with new product and service markets. There has been much debate about whether retailing should be regarded as a product or a service, usually resulting in recognition that the characteristics of both are important in understanding the sector. Many new "product" market developments involve a significant element of service. A common theme within Europe has been the evolution of the retail financial service offer from the availability of credit to include insurance, loans and savings options provides one illustration of the expansion of services (Alexander & Pollard, 2000; Alexander & Colgate, 2000; Colgate & Alexander 2002). Other "retail services" to support the shopping experience have also expanded – the inclusion of coffee shops inside bookshops and in other retail settings, and the general “corporatisation” of the coffee shop\cafe offer have become a common feature of northern European retailing in particular. Similarly there has been a steady expansion of other aspects of customer service which support the selection (shopping advisors), distribution (home delivery) and installation of products – for example IKEA now offers a home assembly service in several markets.

The past two decades have seen the appearance of new product markets, which previously did not exist, stimulating new retail offers. The ubiquitous mobile\cell phone and computer game shops found throughout Europe, are essentially a product of the past twenty years. Carphone Warehouse (trading as The Phone House in continental Europe) was only founded in 1989 and first moved outside the UK in 1996, but now has close to 2,500 outlets in nine European countries (UK, Belgium, France, Germany, Ireland. Netherlands, Portugal, Spain and Sweden), and in June 2008 tied up with the American electrical giant Best Buy. Almost as youthful is Game, trading from over 1,350 outlets in ten European markets (UK, France, Portugal, Spain, Sweden, Denmark, Norway, Czech Republic and Australia), which was founded in 1991.

As well as “new to the world” product markets, other product markets have been transformed so that traditional models of retailing either no longer exist or are severely challenged. The most obvious example relates to the digitisation of sound, pictures and text – which has implications for product ranges, modes of retailing, and even the future survival of outlets and businesses in the case of music retailers, travel agents, photography retailers, newsvendors and bookstores. To illustrate, the delivery of music (as a product which is purchased) has over the last two decades moved from via a relatively large plastic item, which required specific storage and retail conditions (ie the album cover was displayed on the shop floor, whist the disc itself was held behind the sales desk until purchase), to via a smaller more durable metallic disc, which still required physical display and stockholding, to via bespoke digital delivery in which both customised purchase and delivery occur at the customer’s home. Operationally these changes have had implications for the retailing of the music product itself - display, storage, availability and selection – plus associated product markets such as storage (cases, boxes, cabinets) and product access (turntables, CD and MP3 players).

In response to the emergence of new markets and changing customer behaviours – plus a more sophisticated understanding of customer needs - European retailing over the past twenty years has also been characterised by a myriad of new retail formats and formulae (Dawson & Mukoyama XXX). The segmentation of retail markets and the creation of new formats to serve customer groups is probably most visible in the grocery sector – with most major mainstream grocery retailers trading through a range of store formats distinguished by location, product range and often sales techniques formulated to meet specific customer groups. Whilst multi-format developments are most evident in the fmcg sector, in other sectors such, as fashion, a multi-formulae (or brand) approach is a more common way of providing a more segmented, tailored, offer to the consumer (eg Zara, Vivarte)

Last, but not least, whether classified as a new format or a new channel – the rise of e-tailing in all its forms represents a clear change in the structure and shape of the European retail market over the past twenty years (Reynolds, 2000; Burt & Sparks, 2003; Ashworth et al, 2006). As in other parts of the world, the emergence of pure-play retailers and bricks and clicks (dual channel) combinations have posed specific challenges for the European retail market. Studies have explored the adoption and development of e-tailing in specific national contexts (eg Doherty et al, 2003; Doherty & Ellis-Chadwick, 2009; Kotzab & Madlberger, 2001; Wetevreden, 2007), and particular aspects to the e-tailing business model (eg Vrechopoulos et al, 2004; Wilson-Jeanselme & Reynolds, 2005; Xing & Grant, 2006)

The Retailer as a Brand

A second major area of change in European retailing over the past twenty years has been the emergence of the retailer as a brand *per se*. The position of retailing at the customer interface, means that many aspects of the retail operation are highly visible and can be easily copied by competitors, for example product ranges, selling techniques, promotional offers etc, so branding and in particular the widening of the branding concept in retailing offers some form of protection either through legal procedures or increased consumer loyalty. The emergence of private brands in Europe during the 1970s stimulated early academic interest, although this was heavily focused on identifying the characteristics of these brands and their consumers. The changing role of the brand in retailing is now more widely recognised and has been acknowledged in a special issue of the Journal of Retailing (Aliwadi & Keller, 2004). Returning to our apparent obsession with league tables, a small number of retail companies have always featured in the annual Interbrand listing of the worlds most valuable brands, but since 2008 a specific *retail* brand listing has been produced for Europe (table 2). Whilst there is inevitably overlap with the largest European retailers shown in table 1, the brand valuation ranking gives greater prominence to apparel and non-food based retailers.

Insert Table 2

In retailing branding can be discussed from three perspectives – the product (or item); the store; and the company or organisation – all of which are interlinked. Research on branding in retailing has however traditionally been considered from the product or item level, and from a largely managerial perspective. As the importance of branding in retailing has grown over the past twenty years a much more holistic concept, encompassing customer perceptions of the store, and the company as well as the product item purchased, has emerged The need for this more holistic view can be illustrated by how we think about individual retailers as brands. For example when we talk about IKEA as a brand what do we mean? In the strictest sense we do not talk about IKEA as a product as most of the products on sale have sub-brand names (Billy, Ivar, Klippan etc), rather we talk about IKEA as a store (we go 'to IKEA', not to 'the big blue and yellow furniture store') and we talk about IKEA as a corporate concept (self assembly, the catalogue etc). Our view of IKEA and our perceptions of IKEA as a company, store, and the products on sale are influenced by our interactions and relationships with all three of these 'perspectives' of branding.

As noted earlier, much has been written concerning the growth and development of product (item) brands in the European retail market, particularly in grocery retailing. The growth in market share of private brands is the subject of numerous consultancy reports. For example, in 2005, an AC Nielsen survey across fourteen countries found that the proportion of shopping trips which included private label was highest amongst the European countries ranging from 82% in the UK and 73% in France, compared to 11-12% in Hong Kong and Singapore. Throughout Europe the position of the retail grocery brand within retail strategies, and consumer perceptions of private brand products varies (de Chernatony, 1989; Laaksonen & Reynolds, 1994; Fernie & Pierrel, 1996; Baltas, 1998; Steenkamp & Dekimpe, 1997). Academic work has focused on consumer perceptions of private brands with respect to basic marketing criteria such as price and quality, or on the identification of private brand prone consumers. Despite the primacy of attention in the literature afforded to the grocery sector, it should not, however, be forgotten that most non-food retailers now sell private brands. These ranges are widespread in the electrical goods and DIY sectors, and are an integral part of the apparel market. For example Zara, Next, Mango etc only sell private brand products, as does IKEA in the furniture market, although as discussed above this is via a series of IKEA owned sub-brands.

In the European grocery market the evolution of product ranges from private labels to private brands provides a clear illustration of how retailers have adopted the marketing approach and applied a customer focus to their businesses (Burt 2000). This is reflected in the development of segmented private brand ranges, based upon specific customer values as customer markets fragment; an understanding of the need for the full integration of the marketing concept to encompass the creation (product innovation), communication (packaging design) and delivery (quality, trust and consistency) of customer values; the extension of private brand ranges from core product lines (fmcg lines) into an extended product range (clothing, non-food, financial services etc…). As recognized in the schemas put forward by Laaksonen & Reynolds (1994) and Wileman & Jary (1997) the private brand range of today is very different from that found in stores twenty years ago. The "evolution" of private brand ranges has an important implication for our interpretation, and particularly any comparability either over time or across markets, of past academic research on private brand ranges.

In most consumer markets studies of branding and branding processes encompass the products – the items\articles or service being sold – and sometimes the company or corporate entity, which acts as the provider of these products. In the case of retailing, a third component exists, which is crucial to building or destroying brand perceptions: the store. The store provides the setting within which the consumer interacts with the products and the company. The store, whether physical or virtual, therefore plays a pivotal role in shaping a consumer's brand perceptions.

The retail store is, in effect, the retail "product" in the eyes of the customer. It represents the visible, tangible, intangible and experiential expression of the retailer as a brand. To return to the earlier example, we purchase IKEA products and experience IKEA as a company through our visits to and experiences of the store. From a managerial perspective, this reinforces a desire for consistency and clarity of brand image and brand values throughout all elements of the store and the store experience, and across the store network. Within this context, the pressure for the centralisation of core management activities, which might be seen to represent the essence of the retailer brand, has grown throughout Europe over the past twenty years. Studies on retail branding at the store level have tended to be absorbed into research on store image. Martineau's (1958) classic discussion of the personality of the retail store, has been followed by scores of studies attempting to measure store image – seen essentially a customer's perceptions of the store entity or experience - in a variety of ways. More recently the relationships between retail brand (item) ranges and the retail store brand (measured as image) have received more explicit attention (eg Uusitalo, 2001; Collins-Dodd & Lindley, 2002; Semeijn et al, 2004; Lutjens & Reijnders, 2009)

Alongside the visible embodiments of the retail brand – the products and the stores – the company has also become a brand in its own right. Corporate branding has received growing attention from academics since the late 1990s, and whilst certain retailers are often cited as examples of strong corporate brands, there are relatively few studies of the role of corporate branding in retailing *per se* (Burt & Sparks, 2002; Burghausen & Fan, 2002; Martenson, 2007; Tarnovskaya et al 2008). The corporate brand brings together the company vision, culture and values, with the organizational systems and networks which ultimately deliver these values. The focus is on relationships and behaviours with a wide range of stakeholders including customers, staff, managers, investors, suppliers, media, local communities and various gatekeepers.

Alongside this reinterpretation of the role and nature of branding in retailing and in response to the growing internationalization of European retailing, a number of authors have also explored the implications of internationalization for the brand and visa versa (McGoldrick & Ho, 1992; McGoldrick, 1998; Burt & Carralero-Encinas, 2000; Burt & Mavrommatis, 2006; Burt et al, 2007). All of these studies explore how internationalizing retailers and their "exported brand" is interpreted by consumers in the host market.

The broadening of the branding proposition in retailing from the product to the store and the company has provided new avenues for academic research. However, perhaps more importantly for future research into retail branding is the accompanying move away from the traditional managerial perspective on branding – which sees the product and the store as a corporately controlled given – to the social orientation or consumer cultural perspective, which places more emphasis on retailing and shopping is a social activity, and argues that consumers and retailers co-construct brands (Kozinets et al, 2002; Esberg & Bech-Larsen, 2009). This has implications not just for the focus of study but also the approach and methods employed.

Time as a competitive dimension

The third characteristic underpinning retail change in Europe is the growing role of time as a competitive tool. As an underlying concept time can be evidenced from the consumer perspective, the retail operational and channel perspective, and within overall strategic implementation. From a consumer perspective a number of time related dimensions are evident. Pressures arise with respect to time saving, as consumers in some circumstances want to reduce the time taken to shop or have less time in which to shop (*I haven't got time* …); this is often linked to time impatience, the desire for instant fulfilment from the retail offer (*I want it now* …), and to flexibility, the desire to displace tasks – like shopping – to periods which suit the modern European customer's time pressured lifestyle (*when I want to* ..). Finally, with pressures on time comes the desire to maximise the shopping experience, the wish to enjoy shopping and retail interactions (*have a good time …*). All of these perspectives arise from managing competing lifestyle related demands for a finite resource – the number of hours in a day. Competition in retailing arises not just from other retailers but also from other activities competing for the customer's limited time and monetary resources.

Similarly, aspects of some fundamental changes seen in retail operations and channel behaviours throughout Europe over the past twenty years also exhibit a time dimension. Traditionally store layouts have been designed and implemented to either ease the shopping experience (convenience) or increase dwell time in a store setting. The management of store layouts is becoming increasingly sophisticated, with sensory elements adding to the retail-tainment on offer (Kaltcheva & Weitz, 2006). In most retail sectors and retail markets the store network density of individual chains is increasing – either through in-fill of the urban hierarchy or format development to serve particular settings – and opening hours are lengthening. Both of these elements encompass a time dimension through improving ease of access, and thereby meeting the time saving and flexibility needs of customers. Other changes in operational practices less instantly visible to the customer are the operational moves placing greater emphasis upon labour scheduling, and where possible, the use of part-time labour, plus the use of “real time” stock information to manage stockholding and availability. Whilst these trends allow for improvements in customer service, they also provide mechanisms for improved cost efficiency within what, for the most part, remains a relatively low margin sector.

Managing time throughout the distribution channel has long been an established retail mantra evidenced by the centralisation and co-ordination of deliveries to stores, and the efforts to increase speed to market and market responsiveness throughout the demand chain. The shift towards the fast fashion concept – encapsulated in the business model exemplified by Inditex and H&M, which essentially refined the underlying principles of the Benetton model, has radically changed the industry institutionalised norms of the length of time to complete the design, production to market cycle, and the length of time that products are available in store. The “fast” in fast fashion merely emphasises the key element (time) in this approach.

Finally, from a strategic perspective, time manifests itself primarily through the speed of action and implementation. The pace of expansion and the roll out of new formats or innovations is increasing. In the five years since 2003 Inditex has added 2,342 outlets (more than one a day) and more than doubled its sales area. Furthermore, the pace of expansion has increased from around 300 outlets to over 550 per year. In the same period Tesco added over 2,000 stores and almost 4,000 sqm of floorspace, almost doubling the 2003 network and sales area, whilst Carrefour added over 5,000 stores and 4,700 sq m of floorspace – or more floorspace than Tesco operated in 2003! (table 3). Expansion at this pace is often linked to internationalisation. To take a further example, Media Market, the electrical retailing arm of Metro had 401 (52%) of its 768 stores outside of Germany in 2008, compared to 167 (33%) of 503 in 2003.

Insert Table 3

Similarly, payback periods and the expected return on investment are shortening, as are the expected lifecycles of products and formats. This points, in various ways, to the need for continued innovation and refreshment of products, packaging and display, and formats.

The outcome of these time related pressures is seen in changes to formats, products and behaviours in retailing across Europe (figure 1). Convenience stores and hypermarkets and niche specialist outlets and “big box” stores in other sectors (eg Decathlon) provide retail format responses to these pressures. In terms of products and services, convenience foods, flat-pack furniture, photo-processing and “grab n go” displays in store, alongside instant credit all reflect time related desires of customers, as do changes in operational behaviours whether through broader strategic shifts in business processes such as fast fashion and multi-channel trading, or specific operational practices such as 24 hour opening, personal shoppers or brand extensions into new ranges and services.

Insert Figure 1

How “time” manifests itself in retail operations, behaviours and strategies in the future is an area for consideration. The sustainability of expansion and growth at the pace illustrated above may become a major issue over the next twenty years.

Conclusion

In many ways, over the past twenty years retail change within Europe has been a mix of stability and subtle change. The customer still remains the King (or Queen). The search for dominance and difference is just as much a prevailing mantra as it was twenty years ago. In all retail sectors, market concentration continues to grow, although now on an international as well as a national level; new market opportunities appear and are seized upon by retail entrepreneurs; good ideas are absorbed by the large and powerful; productivity gains are sought to improve efficiency and effectiveness in the store and within the channel; and the race for innovation, “newness”, and distinctiveness continues as retailers battle for consumer attention and ultimately spend.

There is, however, evidence of subtle changes in emphasis in a number of themes underlying the approaches taken to retailing by European organisations:

- the move from what is sold to how it is sold – seen in new categorisations of retail businesses, emerging formats and channels;
- the acceptance of unpredictability as the norm – chance, opportunity, discontinuity and disruption are a feature of corporate life in retailing, and need to be expected and “managed” accordingly;
- the need to be nimble and quick in all aspects of the retail operation - to both seize or respond to market opportunities, and deliver operational effectiveness;
- the imperative of continued innovation - in products and services (the offer), channels and formats (delivery), activities and practices (behaviours);
- the changing information needs of retailers – with a greater emphasis on “soft” information (values, attitudes etc) which help retailers to compete as brands as well as stores;
- the recognition of the role of a range of stakeholders in creating the retail experience – a wide array of stakeholders both within and outside the immediate organisation and their behaviours (eg the growing importance of CSR issues and associated behaviours) co-create the retail experience;
- the emergence of the learning organisation alongside the knowing organisation – discrete knowledge or work practices alone are no longer

enough to flourish, the ability to absorb, filter, adapt and transfer are equally valuable characteristics

These themes, and the resulting episodes and outputs from them, will provide several avenues for research in the future. Looking forward to the next twenty years, it is inevitable that other new themes will emerge, as they always have done. However, when considering change in retailing it is also useful to remember that not all change has dramatic consequences, and …

"*The world continues to move ahead in small steps, punctuated by the occasional big one – just as it always has.*" Huy & Minzberg (2003)

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Table 1 : Largest European Retail Based Organisations, 1990,2000, 2007

	net sales US$m	1990		retail sales US$m	2000*		retail sales US$ m	2007
1	Tengelmann	19,600e	1	Carrefour	59,703	1	Carrefour	112,604
2	Metro	18,809e	2	Metro	42,439e	2	Tesco	94,740
3	Aldi	14,800e	3	Ahold	41,539	3	Metro	87,586
4	Carrefour	13,676	4	Tesco	31,757	4	Schwarz Group	69,346e
5	Sainsbury	11,969	5	Rewe	31,100	5	Aldi	58,487e
6	Auchan	11,926e	6	Intermarché	30,698e	6	Rewe	51,929e
7	Promodès	10,544	7	Auchan	19,134	7	Auchan	49,295
8	Tesco	9,721	8	Edeka\AVA	28,782	8	Leclerc	44,686
9	Ahold	9,302	9	Sainsbury	25,266	9	Edeka Zentrale	44,609e
10	Karstadt	9,270	10	Tengelmann	25,254	10	ITM/Intermarché	40,692e
11	SHV Holdings	8,643	11	Leclerc	22,541e	11	Ahold	38,589
12	Marks & Spencer	8,597	12	Kingfisher	18,183	12	Sainsbury	35,809
13	Casino	8,091	13	Aldi	17,782e	13	Casino	32,159
14	Delhaize	7,964	14	Casino	17,571	14	Tengelmann	27,135
15	Kaufhof	7,834	15	Delhaize	16,739	15	IKEA	26,161
16	Quelle	7,761e	16	Otto Versand	14,739	16	Delhaize	25,985
17	Coop Suisse	7,003	17	Karstadt-Quelle	13,947	17	Morrisons	25,800
18	ASDA	6,889	18	Safeway	12,333	18	System U	21,068e
19	Argyll	6,888	19	Marks & Spencer	21,218	19	El Corte Ingles	20,339
20	Cora	6,852	20	Lidl &Schwarz	11,300e	20	PPR	19,351e
21	Otto Versand	6,810	21	PPR	9,812	21	Kingfisher	18,754
22	Asko	6,695	22	System U	9,284	22	Marks & Spencer	18,112
23	El Corte Ingles	6,173	23	Migros	8,866	23	Mercadona	17,799
24	GIB	6,146	24	IKEA	8,455	24	Baugur Group	17,487e
25	Lidl & Schwarz	6,027e	25	Cora	8,202	25	DSG International	16,358

26	Vendex	5,898	26	El Corte Ingles	8,131	26	Coop Italia	15,410e
27	Boots	5,490	27	Coop Italia	7,898	27	Cora/Louis Delhaize	14,653e
28	PPR	5,471	28	Boots	7,164	28	Migros	13,816e
29	Spar Handels	5,179	29	Coop Suisse	7,066	29	Alliance Boots	13,748
30	Kingfisher	4,997	30	Dixons	6,931	30	Coop Norden	13,379e

Original published rankings adjusted to remove three buying groups Ifa Espana (22); Insieme (24) and Euromadi (26)

Source : Global Powers of Retailing : various years

Table 2 : Retail Brand Rankings 2008 and 2009

2008			2009		
Company	Value €m	Domestic Base	Company	Value €m	Domestic Base
H&M	10,366	Sweden	H&M	11,125	Sweden
Carrefour	6,620	France	Carrefour	9,523	France
IKEA	6,516	Sweden	IKEA	7,373	Sweden
Tesco	5,617	UK	Tesco	5,502	UK
M&S	5,100	UK	Zara	4,469	Spain
Zara	4,112	Spain	M&S	4,197	UK
Aldi	2,675	Germany	Aldi	3,348	Germany
Boots	2,003	UK	Boots	1,961	UK
El Corte Ingles	1,930	Spain	Auchan	1,930	France
Auchan	1,860	France	El Corte Ingles	1,808	Spain
ASDA	1,224	UK	ASDA	1,273	UK
Media Markt	1,094	Germany	Lidl	1,146	Germany
Lidl	910	Germany	Media Mart	1,025	Germany
Edeka	905	Germany	Edeka	880	Germany
C&A	882	Netherlands	C&A	779	Netherlands
Sephora	767	France	Sephora	774	France
The Body Shop	727	UK	Mango	747	Spain
Argos	726	UK	The Body Shop	696	UK
Mango	702	Spain	Argos	664	UK
Sainsbury’s	512	UK	Sainsbury’s	542	UK
Mercadona	418	Spain	Mercadona	422	Spain
Kaufland	398	Germany	Kaufland	384	Germany
FNAC	379	France	FNAC	373	France
Rewe	303	Germany	REWE	290	Germany
Carphone Warehouse	282	UK	Obi	286	Germany

Source Interbrand (2008, 2009)

Table 3 : Expansion of Selected European Based Retailers

Expansion of Inditex Outlets, 2003-2008

Year End	2003	2004	2005	2006	2007	2008
Number of Stores	1,922	2,244	2,692	3,131	3,691	4,264
Net Openings		+322	+448	+439	+560	+573
Sales Area (Sq M)	988	1,1175	1,435	1,657	1,915	2,181
Change in Sales Area		+19%	+22%	+16%	+16%	+14%

Source: Annual Reports

Expansion of Tesco Outlets, 2003-2008

Year End	2003	2004	2005	2006	2007	2008
Number of Stores	2,318	2,334	2,672	3,263	3,751	4,332
Net Openings		+16	+338	+591	+488	+581
Sales Area (Sq M)	4,218	4,565	5,130	6,335	7,092	8,217
Change in Sales Area		+8.2%	+12.4%	+23.5%	+11.9%	+15.9%

Source: Annual Reports

Expansion of Carrefour Outlets, 2003-2008

Year End	2003	2004	2005	2006	2007	2008
Number of Stores	10,378	11,080	12,028	12,547	14,991	15,430
Net Openings		+702	+948	+519	+2,444	+439
Sales Area (Sq M)	13,208	13,958	14,513	15,269	16,899	17,912
Change in Sales Area		+5.7%	+3.9%	+5.2%	+10.7%	+6.0%

Source: Annual Reports

Figure 1 : Retail Responses to Time Related Pressures

Time Pressure	**Format Response**	**Product\Service Response**	**Behaviour Response**
Saving	C-stores	Ready meals	Personal Shoppers
Impatience	Hypermarkets	Credit cards	Fast Fashion
Flexibility	On-line	Mobile\Cell phones	24-Hour Store Opening
Experience	Stirling Albion FC Shop	DVDs	Deli-Counters