

Global Innovation Cycles by Retail

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Abstract:

The retail-sector is for academia in the beginning of this century “a hidden player” – most probably as academia prefers deductive research, while retail is process-oriented/applied science: it is an inductive approach. A second reason for the lack of presence in literature is that people in the retail-process do not have time to write and the retail companies do not like staff on the pay-roll which is not operatively busy. The third reason might be that retail contrary to the consumer goods industry cannot create value by production but only by know-how of the distribution channels. His know-how is his competitive advantage – why should a retailer hand out his potential chance of profit by his unique sales position (USP)?

On the other hand for example the annual turnover of the US retailer WalMart is of the same size like the gross national product of all Switzerland; WalMart invests per year about 3 billion US Dollar in its IT-network. By this WalMart and other big retailers become technical drivers for global innovations. Retailers together with their supply-partners and NGOs create worldwide standards. The impact is dramatic – and gives scope for a lot of interdisciplinary research.

Keywords: consumer, innovation, retail

JEL classification: D11, D12, L 81, M21, Q5

1.0 Introduction

The Russian Nikolai Kontratjeff described “innovation” as an industrial phenomena (Kontratjeff, N. 1926: Die langen Wellen der Konjunktur, in: Archiv für Sozialwissenschaft und Sozialpolitik . 56, p. 573-609) from 1800 onwards by innovative cycles pushed by the steam engine and cotton, later steel and railways, next electrical engineering and chemistry. Every 50 years there was another push since 1800.

At the micro-level of individual business units Alois Schumpeter discovered the pendulum of “innovation” and “imitation” – the life-cycle of business (Schumpeter, J. (1961): Konjunkturzyklen. Eine Theoretische, historische und statistische Analyse des kapitalistischen Prozesses, Göttingen).

Firstly described as sector-cycles are innovations by merchants (wholesale/retail) by Hallier (Bauer, H.-J. and Hallier, B. (1999): Kultur und Geschichte des Handels, Cologne, p.260-263). Taken merchants and retail the segment systematic sees here innovation cycles of 25 years since 1800. In 1800 colonial trade and sea-ports like London, Amsterdam or Hamburg gained from im -and export from the colonies. 25 years later due to the Vienna Conference and the reconstruction of Europe there were economic problems and unemployment. One of the reactions was the establishment of local workers/ trade-cooperatives in 1850 to fight the hunger of industrial workers. 25 years later at about 1875 the positive result (growth driven by the bigger units) created big department-stores in Paris, London, Berlin. 25 years later in 1900 the small retailers formed their cooperations (like EDEKA in Germany) to fight against the big department-houses.

In 1925 in the turmoil after World War I mail-order-houses became the innovation to decrease costs of the penetration of products. After World War II in the 50ies self-service in Western Europe became the innovator for supermarkets and hypermarkets. In 1975 Shopping Centers replaced department stores with the same motto “all assortments under one roof” like in 1875 – and in the year 2000 the internet and B2C is replacing the printed catalogues of the traditional mail-order houses! Some authors speak of the Wheel of Retailing. In 2025 probably consumers will buy via mobile phones being guided by Apps (advertising) on mobiles and GPS-guiding systems on mobiles. Business will be driven by an Evolution Tornado of Retail – new social media including.

DIE LANGEN WELLEN UND IHRE WICHTIGSTEN INNOVATIONSFELDER LONG WAVES OF DEVELOPMENT AND INNOVATION-TECHNOLOGIES OF ECONOMICS AND RETAIL BUSINESS									
Ⓐ Dampfmaschine Steam Engine	Stahl Steel			Elektrotechnik Electrical Engineering		Ⓐ Petrochemie Petrochemical Industry	Ⓐ PC- und Chip-Technologie PC- and Chip-Technology	Ⓐ Internet Verschmelzung der Informations- und Unterhaltungstechnologie (z. B. UMTS) Melting of Information and Entertainment Technologies (e.g. UMTS)	
						Psychosoziale Gesundheit Psychosocial Health			
Baumwolle Cotton	Eisenbahn Railway			Chemie Chemistry		Automobil Automobiles		globale Austauschbarkeit von Dienstleistungen über das Internet Global exchangeability of services (book-keeping, software) by outsourcing via Internet	
Bekleidung Clothing	Transport Transportation			Massenkonsum Mass Consumption		Individuelle Mobilität Individual Mobility/ Health		Bio-Produktion versus Gen-Technologie Organic agriculture versus Gen-Technology	
1800	1825	1850	1875	1900	1925	1950	1975	2000	
Ⓐ maritimer, imperialer Groß- und Außenhandel Last blossom of maritime, imperial wholesale and foreign trade		Selbsthilfevereine Worker' self-help Unions		erste nationale Einkaufskooperationen First national Buying Groups		Einführung der Selbstbedienung Introduction of Self-Service	Scanning	E-Commerce, Data Warehouse, Data Mining, CRM	
	deutscher Zollverein German Customs Union	lokale Konsumgenossenschaften Local Consumer Cooperatives	Beginn der Kauf- und Warenhäuser Start of Department- and Variety Stores		Beginn des Versandhandels Start of Mail-Order Companies	Supermärkte Supermarkets	Hypermarkets, Speciality-Stores Hypermarkets, Speciality-Stores	Multi-Channel Retailing, Shopping Center Multi-Channel Retailing, Shopping Center	
								Rückverfolgbarkeit und Gute Agrarpraxis Tracking and Tracing and Good Agriculture Practice	
								integrierte Wellness-Produkte (Körper, Urlaub) Integrated Wellness (products, body care, holiday entertainment)	
	Binnenhandel Domestic Commerce								
						lokale Netzwerke local networks	regionale/nationale Netzwerke regional/national networks	internationale/globale Netzwerke international/global networks	

Figure 1: Innovation waves

2.0 Innovation Waves after World War II

The growing impact of the sector wholesale/retail starts after World War II in Western Europe. It not only shaped/reflected the changing life-style compared with the pre-war-period, but plays also an important role since 1990 within the re-integration of Central and Eastern Europe into modern Western Life Style ... and even in a penetration of the far cultures in Russia, China and India in this new century.

2.1 The Mum and Papa Service Stores

For Western Europe a new Chapter of Innovation in retail started after World War II. (*ISB, 1988; Hallier, 2001; Hallier, 2004*). The 50ies of the 20th century in Germany for example the characteristics of the food sector had been:

- stores belonging mainly to consumer's cooperatives
- with very atomistic influence onto the suppliers mostly in walking distances of some minutes for the consumers
- organized instore in service concentrating to pack sugar, beans, butter, margarine from bulk-delivery into the quantities demanded by consumers
- with a limited assortment of roughly 200 products
- offered by stores of about 30 to 40 square meters
- in towns quite often split into specialist-shops like milk-shops, fruit and vegetable shops ...

As the products were not "pre-packed" of course no real branding could happen for most of the products. Branded goods of big manufactures like "Oetker", "Bahlsen" were in the minority. The consumer were guided by the oral advice of the shop-owner/-manager. Due also to small flats and without cooling-opportunities for butter, milk etc. consumers visited daily their neighbourhood-store. The outlet was not only supplying the consumers with products – but was within a limited radius a social communication centre.

2.2. The introduction of self-service.

In the 50ies and 60ies the traditional service-stores were challenged by the concept of "supermarkets" from America (*ISB, 1988; Hallier, 2001*). The characteristics of those markets is "self-service" which implies:

- products have to be pre-packed either in a depot of the retailer or directly from the supplier.
- The oral "recommendation" of the retailer has to be substituted by design and descriptions on the packed product or by in-store advertising either at shelf or special presentation zones.
- In consequence the shelves within the stores had to be accessible
- The selection of products and the action of payment in the cash-zone were split
- In general the cash-register was technically organized into "product-groups" with the result that payment was quick on the one hand side but also with the bad effect for the store not to have product-data.
- Generally the costs for personnel for the retailers decreased due to less man-power
- Self-service became more competitive in comparison to service-stores

According to statistics from the original roots of the EHI Retail Institute the first 80 self-service stores in the Federal Republic of Germany had a size in-between 35 and 330 square meters in 1952; for 1958 the data of a panel for the size of the assortment shows about 1000 articles – 100 of them in non-food-segment.

2.3. On the way to mass-distribution

The phenomenon of the late 60ies and the 70ies is mass-distribution like characterized by Andy Warhol in his Coca Cola - picture (*Hallier, 2004*).



Figure 2: Picture of Andy Warhol “Coca Cola”

Mass-production and mass-distribution are the symbols of democratic consumption: “the president of the USA is drinking Coca Cola – you can drink Coca Cola – Coca Cola is on the shelves of your supermarket!”

Due to the macro-economic recovery of Western Europe and prosperity within the Western World the personal income of consumers increased - followed by more demand – which was reflected by a growth of retail-space and a segmented product-assortment. EHI registered in 1966 still 0.25 million square meters sales-space growing in 1976 to 4.6 million and reaching 1986 about 6,7 million square meters. The potential size of the individual stores seemed never ending: a hypermarket near Cologne/Germany opened with about 35,000 square meters (25 years after the stores-size average of 35 square meters)

The store-size of course also reflected the explosion of the assortment: contrary to 200 articles at the Mum and Papa-store and 1000 articles at the first self-service store now hypermarkets offer on average 40,000 articles. The effect in the relationship between product-range and the consumer as a human being is characterized in the “99 cent” picture of A. Gurski, where within a nearly unlimited assortment only the discount price can be seen- and the consumer only plays the role of an “underdog” in the picture (*Hallier, 2009*).



Figure 3: A.Gurski “99 cent”

Nevertheless was and is the consumer not only the target, but he is also the driver of the development.

- Due to an increasing mobility of consumers those big-size-markets and Shopping-Centers could be established at the suburbs.
- As consumers live in bigger flats than in the 50ies they can store more products
- Also their technical equipment at home (refrigerator) enables them to buy bigger units for longer consumption-periods
- Last but not least they changed their consumer-habits with the trend for more convenience. While in the 50ies they bought for example milk to keep it for three days in a bowl to produce their own yoghurt - now they select between low or high calories, between different fruit-tastes, between other ingredients. Another trend of modern consumption is to have seasonal fruit available all over the year as global supply offers “spring” also when he/she at the consumers’s home is experiencing just “autumn”.

Additionally the consumer stopped since the 70ies his habit to be loyal like at the Mum and Papa-time: he is using multi-choices! Self-services allowed him to become anonym.

Also his opposite – the retailers – became anonymous. Due to self-service the store-owner could multiply his stores. From atomistic local retailers regional spider-networks/chain stores derived and in the 70ies names of cities/areas became synonyms of the retailer-network: Würzburg-Kupsch, Frankfurt-Latscha, Cologne/Köln – Stüssgen. Those chain-store-operations generated a certain win-win-situation between retail and suppliers: large scale economics. In hot-pursuit of retail expansion and to care for the danger of out-of-stock situation suppliers together with specialized agencies created in the 70ies POS-display-promotions. In the marketing-terminology this period remains as the “push-strategy”. Buying much from the supplier created rebates for the retailers which again could be passed on to the consumers to decrease prices and thereby again stimulated increasing demand and growth for those retailers with the lower price.

2.4. From POS to Point of Purchase (POP)

The permanent increasing speed of new articles from the producers, from new stores from retailers, also from store-segmentation and store-diversification on retail-level, created the need for data-management not to run out of control of the situation. Consultants and technical suppliers like IBM, Nixdorf started in the beginning of the 70ies to provide information-systems by electronic data-machines; retail got into a strong correlation with the technical development of hardware and software industry. In 1974 for example in Germany EHI and the Branded Goods Association (Markenverband) created as a joint-venture the German Accreditation for bar-coding (European Article Number) which had quickly cross-border-partner organizations. The name “Coorganization” in Germany reflects the willingness of suppliers and retailers to work together. The scanner at the cash-zone of the retailer-outlet brought back to the retailer information about the sales of individual products on store-level. Next steps in the 80ies referred to the optimization of the shelf-space via international work-groups concerned with projects like “Direct Product Profitability (DPP/DPR)” and in the 90ies “Efficient Consumer Response (ECR)” (ISB, 1980; Hallier, 1987; ISB 1989; Heidel, 1990; DHI, 1992; EHI, 1994; Behrends, 2001). Especially the ECR shows that in the center of the total supply chain the consumer’s shopping basket was placed again: this meant a swing from the “push-action” to a “pull-strategy”! Strategically retail got empowerment by those marketing-tools and gained the dominance over the suppliers (Hallier, 1995).

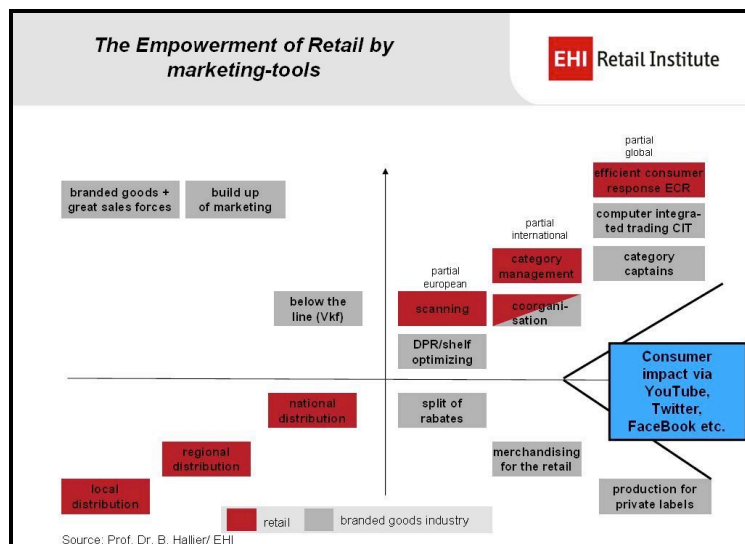


Figure 4: The Empowerment of Retail by Marketing-Tools

The ultimate focus to the purchasing consumer of course is the link between product-data from the scanners in combination with loyalty-cards which provide individual consumer-data; this is a development starting in the USA-market at the 80ies and in Europe with a time-lag of twenty years in the beginning of this century.

Also politically the 80ies saw more influence of the consumer towards the total supply chain. One symptom was in Germany the “Green Party” demonstrating against Coca Cola-tins in nature, the waste in general, the burning of garbage in densely populated areas. The German Federal Government reacted by the appointment of a Minister of Environment. He established regulations downsizing one-way-package and to promote multi-trip; he started to add to the term “distribution” the term “redistribution”; he redefined “waste” into “reusable resource”. He – Prof. Dr. Klaus Toepfer – initiated the Kyoto-Protocol for sustainability and decrease of CO2-emissions. For his packaging regulations in Germany Toepfer discovered

the market-power of the retailers; he threatened to punish them – and forced the retailers by this action to influence the suppliers. DHI/EHI supported the initiative to create more awareness and helped to bridge the political vision and the applicability at retail and suppliers by workshops and the publication of five monographs dealing with this topic (*DHI, 1991; EHI, 1993*).

In the 90ies another factor of change were several food-scandals like the British Cow Disease. Consumers in Germany were afraid that the meat at the stores came from the UK! Beef at that time (first BSE-crisis in 1994; second crisis in 1996) was an anonymous product – sometimes passing up to 10 different stages of farmers, animal wholesalers, slaughter houses, cutting houses, meat wholesalers, retailers. Again in Germany retailers became pro-actively the drivers for innovation for the Total Supply Chain before national/regional governments reacted. Organized by EHI in 1994 meat-experts met suppliers and defined a system of tracking and tracing of meat and organized the control in a joint-venture of EHI and the farmers' CMA (Central Marketing Agency) called Orgainvent. Parallel government introduced ear-marking of cows. In 2002 the EU took over this facultative system as a mandatory EU-regulation (EU 178/2002) (*EHI, 1997; EHI, 2001; EHI, 2005*).



Figure 5: Round Table for Demand and Supply

That tracing and tracking activity demonstrates an important shift for the academic discussions defining “retail as institutionalized” or “process-oriented”: the EHI-retailers acted also on behalf of their wholesalers (or their own wholesale-activity) and the suppliers: modern retailers are part of a supply chain. This special role of a driver for innovation for new thinking on behalf of consumers’ interests also is reflected by the EHI initiative to stimulate “good agricultural practice” first by “EUREPGAP” and later by the enlarged “GLOBALGAP” as well as lately also by the initiative “Environmental Retail Management” (*EHI, 1999; EHI, 2000; 2008; www.european-retail-academy.org/ERM*)

Summarizing those trends and initiatives it can be stated that the Point of Purchase (POP) – thinking gives more weight to the consumers than the POS-thinking, but it also shows the gaining influence of Non Government Organizations (NGO) like the EHI Retail Institute, Orgainvent or GlobalGap onto the Total Supply Chain and legislation.

Taking over responsibility not only for the retail-level but for all the Total Supply Chain the backstage becomes involved into business of wholesale, packaging, processing, agriculture, watering and pesticides etc. Retail is drifting strongly away from its definition as “institutionalized retail” towards a definition of “process-oriented retail”. Due to the company size of the top-players and the global activities of the retailers the consumers keep the retailers much more reliable than in the past. Responsibility becomes also part of the competitiveness and communication.

EHI Retail Institute created for the communication with third partners in July 2008 in the internet the environmental platform: www.european-retail-academy.org/ERM and introduced a three years research-program with the title “Environmental Retail Management “(News of August 15th 2008 at www.european-retail-academy.org/ERM). One of the first steps was a theoretical benchmark-project with the title Environmental Retail Flow Chart (News December 19th 2008). Taken all environmental oriented efforts concerning the buying, distributing, marketing of products along the Total Supply Chain as 100 percent – the retailers could judge themselves how much of their efforts in percentage of that total would concern each of the individual steps within the Total Supply Chain.

A comparison of that self-check by several retailers shows that the emphasis by the individual players is in 2009 still very different.

Table 1: **Environmental Flow Chart**

Level	%	%	%	%	%	%
<i>Agriculture</i>	30	-	25	5	17	-
<i>Processing/packaging</i>	20	25	10	15	13	-
<i>Building (depots/outlets)</i>	10	-	15	35	20	50
<i>Shopfitting/processing</i>	20	-	15	5	21	40
<i>POS/Advertising</i>	10	25	20	5	16	5
<i>Consumer Lifestyle</i>	10	50	15	35	13	5
Total	100	100	100	100	100	100

Even if on the horizontal level there is the same percentage with two companies the action behind can be very different. For example might on the agricultural level Retailer 1 claim that he is acting environmentally because he is pushing the GlobalGAP-standard, Retailer 2 is promoting integrated production, Retailer 3 organics, Retailer 4 helps Fair Trade, and Retailer 5 is sourcing locally. The conclusion from that Environmental Flow Chart in 2011 is that there is a big need to work out methodologies to compare and evaluate the activities of the competitors. And by this claim retailer becomes partner of scientific research.

2.5. The Point of Differentiation (POD)

Due to the change of the atomistic retail structures to oligopolies on the national or even to a certain degree European level retailers are more and more competitors in one region, in one city. When in Germany in 1980 the first 5 top-ranking food retailers together had a market-share of about 26 percent – now in 2010 their share of the total distribution is together at about 80 percent.

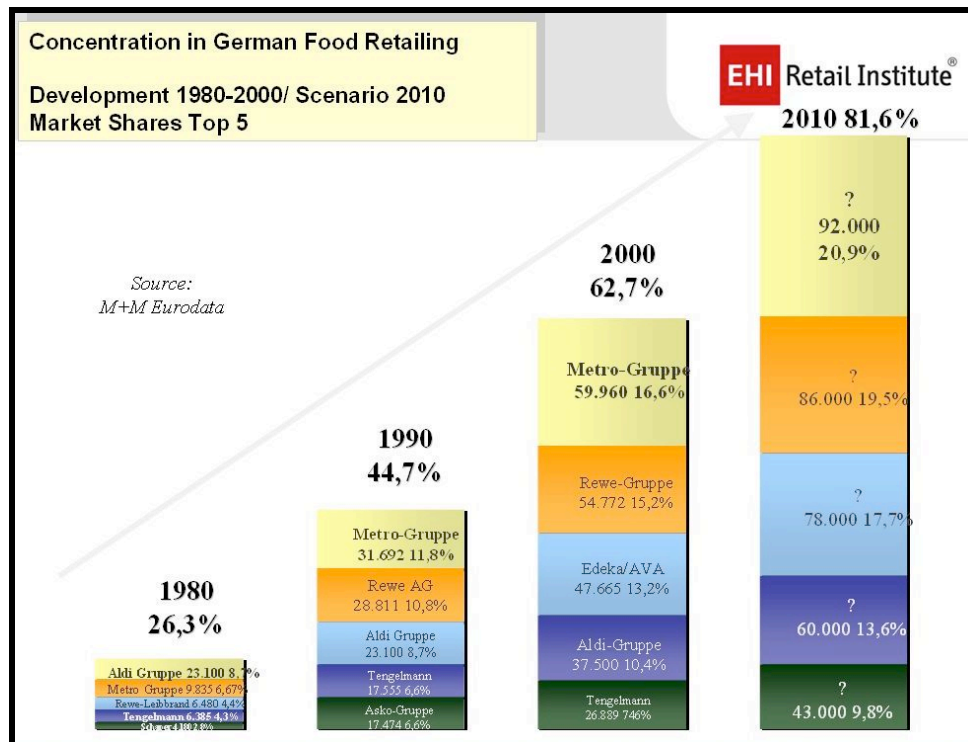


Figure 5: Concentration in German Food Retail

The market power has shifted within the Total Supply Chain from the production towards retail- and most probably will give the consumers more and more influence in the future. It has to be kept in mind that at the moment the annual turnover of the US-retailer WalMart has the equivalent size of the GNP of Switzerland! Under the hypothesis of EHI (based by annual discussions with retailers) that retailers invest about 1 percent of this turnover into the IT-sector of their company, this means an annual investment of WalMart of 3 bln. Euro to follow-up its daily transactions.

1 Percent of annual turnover invested in electronic data processing for selected companies



Company	Absolut Amount
WalMart	2 850 million dollar
Carrefour	790 million dollar
Metro	600 million dollar
Auchan	320 million dollar
Coley Myer	180 million dollar
Number 10 Germany	50 million dollar
Number 20 Germany	16 million dollar
Number 1 Turkey	11 million dollar

Figure 7: Potential IT-budget of Retail Players

The problem of oligopolies is to find ways for differentiation in the eyes of the consumers! The ECR-models of the 90ies and the beginning of this century are quite often based on industry-data linked to socio-demographic data of regions. (*Hallier, 1997; Hallier, 1999*). If assortments are optimized in that way it has the following effects:

- the assortments of the retailers in one area get all the same profile; the customer in the end does not see any differences of the stores of the retail competitors
- according to a standard rule of experience 80 percent of the turnover is covered by 20 percent of the articles. In consequence this means for higher profits on retail-level assortments should be cut down to discounter-sizes.
- If the assortment is the same - then the prices are in the focus; again a factor of discount.

As in the globalizing world with theoretically unlimited free trade there is an over-supply of products the power-swing enables retailers to put pressure onto the suppliers to decrease the production-prices or to increase margins – but the retailer is “mis-using the low price for discounting himself – eroding his profits too! Such a “downswing tsunami” can be watched at the agricultural level in Germany in 2009 – which ended in October 2009 by a subsidy of 280 million Euros from the EU-Commission alone for the milk-farming to give farmers a chance for survival of their production line! Consumers who perhaps had been happy at first about low milk-prices will be confronted later to pay higher taxes to fill that deficit in the EU-budget in the end.

To get out of the downswing of low prices there could be three tactical tools:

- more exclusive promotions with suppliers with an increase of value
- more private labels
- more branding of retail with soft-factors

At least it can be stated that the situation is not the same everywhere in Europe: for example concerning the margins/profits the UK is much better off than Germany in food-retail; in Croatia the national coop is still market-leader, while in Poland among the top-ten food

retailers there is no original Polish company any more since 10 years after the lift of the borders; a company like IKEA created an own life-style-concept and split by this in the awareness of the consumers from its former competitors and is able to establish its own incomparable pricing-strategy

2.6. Status Quo of Power

Retailers take over in the last decades the innovative leadership instead of governments! While in 1800 governments pushed globalization by colonial occupation today globalization is pushed by big retail players and world-wide standardization.

- One example is GS1 (Global Standard 1). One of the EHI-roots discovered in the beginning of the 70ies the bar-coding for retail. Next step was to form with other international partners the European Article Number (EAN) as a standardized European bar-coding system. Since 2005 EAN and the American UPC (Universal Product Code) merged to form the world-wide GS1-Group
- Another example is Orgainvent. In 1994 the German consumers were frightened by the British Mad Cow disease (BSE). Six German retail-chains under the leadership of EHI created a label for tracking and tracing of cows and beef – today the EU-regulations (EU 178/2002)
- Third example: European Retailers Produce Good Agricultural Practice (EUREPAGAP) created in 1997 was penetrated to over 100 countries worldwide and therefore relabelled to GlobalGAP in 2007

All three institutions show how retailers acted via EHI or connected Non Government Organizations (NGOs) as pioneers and technical drivers for world-trade. This might be an indicator that the balance of power is with big retail experts and no longer fixed to official representatives of “country-borders” (WTO). To a certain extend national borders are no longer in existence.

2.7 Future Power Shift

Schumpeter's pendulum of “innovation” and “imitation” has resulted in retail in the terminus “Wheel of Retailing” (Savitt, R. (1984). The “Wheel of Retailing” and Retail Product Management, in: European Journal of Marketing, Volume 18, issue 6/7). The basic philosophy is a historic repetition: if the mainstream is to go from service retail to self-service, suddenly people discover the “good old days” and start to buy again in new established service-stores! Examples for the “wheel” are:

- department stores of 1874 and shopping centers of 1975 do have the same motto “all offers under one roof” – but while in 1875 the roof belonged to one owner company with different departments the 1975 shopping center unites individual companies which follow own independent trends
- the mail-order house Quelle in 1925 based its success on a printed catalogue – the relaunch of the Quelle-catalogue in 2011 by Otto-Versand is an internet catalogue!

(Nicolai, B., Otto belebt noch diesen Sommer Quelle wieder, in: Die Welt, June 23rd, 2011)

What has been not described yet in literature is that the wheel of retail is not mere repetition but the technical level /its offers to the consumers increase to a higher level!

In the supermarket-business the personal dialogue of the Mum and Papa store in 1950 now in 2010 is enabled by facebook, Twitter, YouTube etc. After China and India in 2010 Facebook is ranking as the third-biggest community in the world – even in front of the USA.

The Evolution Spiral/ Evolution Tornado of food retail started at the level of Mum and Papa; lost the direct dialogue with the consumer due to the mass-distribution of stores and the anonymous self-service atmosphere ; by scanning of product-data- and shelf-optimization retailers got back transparency about own stocks and direct product profitability; loyalty-cards helped to identify the consumers again as well as the dialogue versus the internet; but now consumers start to voice their demands again directly to retailers (and suppliers) as well as even among each others.

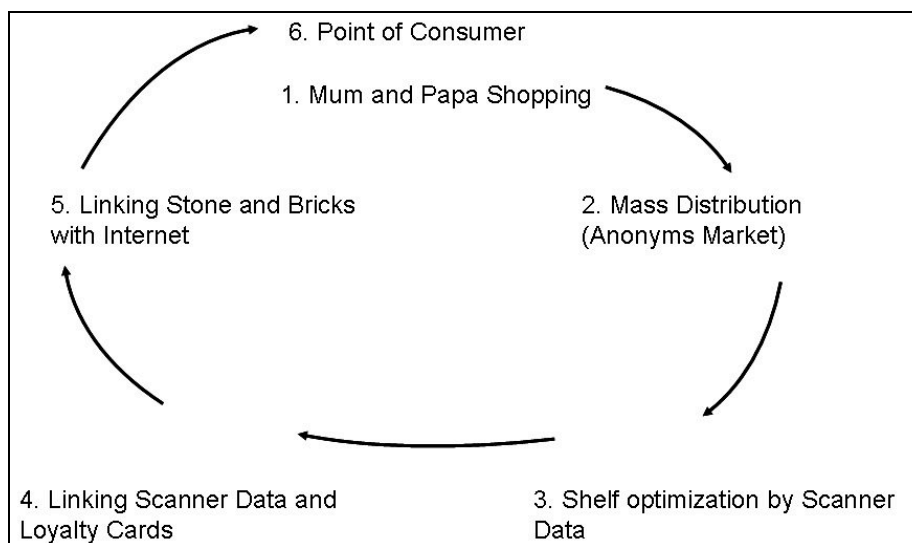


Figure 7 : Evolution Tornado Retail

While in the past the Total Supply Chain was actually only a B2B connection now the future will be trilateral including the consumer.

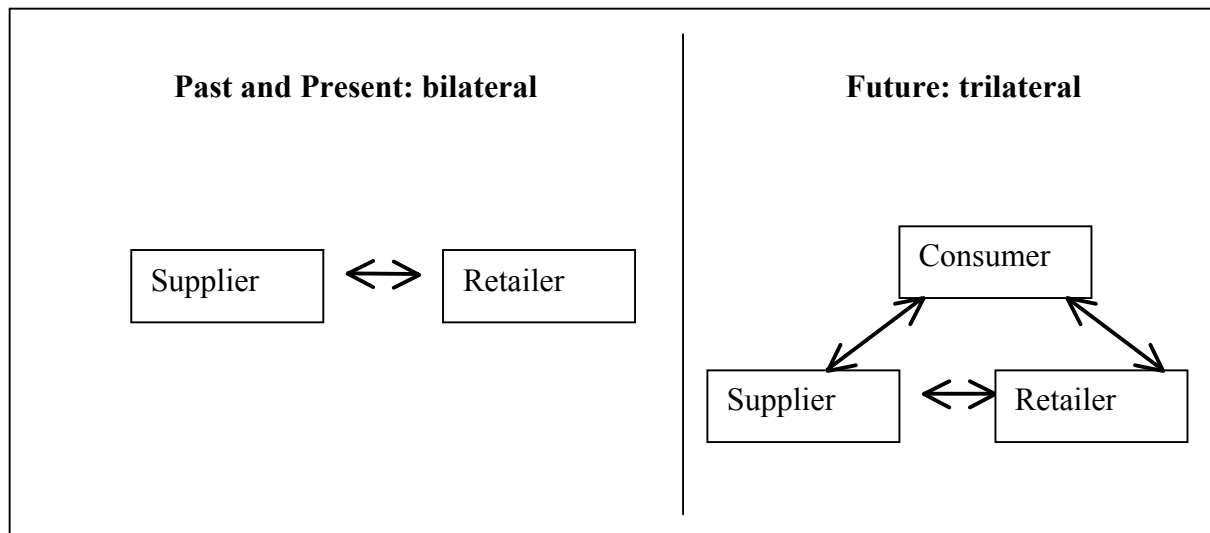


Figure 8: From bilateral to trilateral dialogue

But the dialogue will not only be with the retail-headquarter but outlets of chain-stores will be much more locally “tailored” to its actual customers. The store becomes a Point of Communication (POC) again.

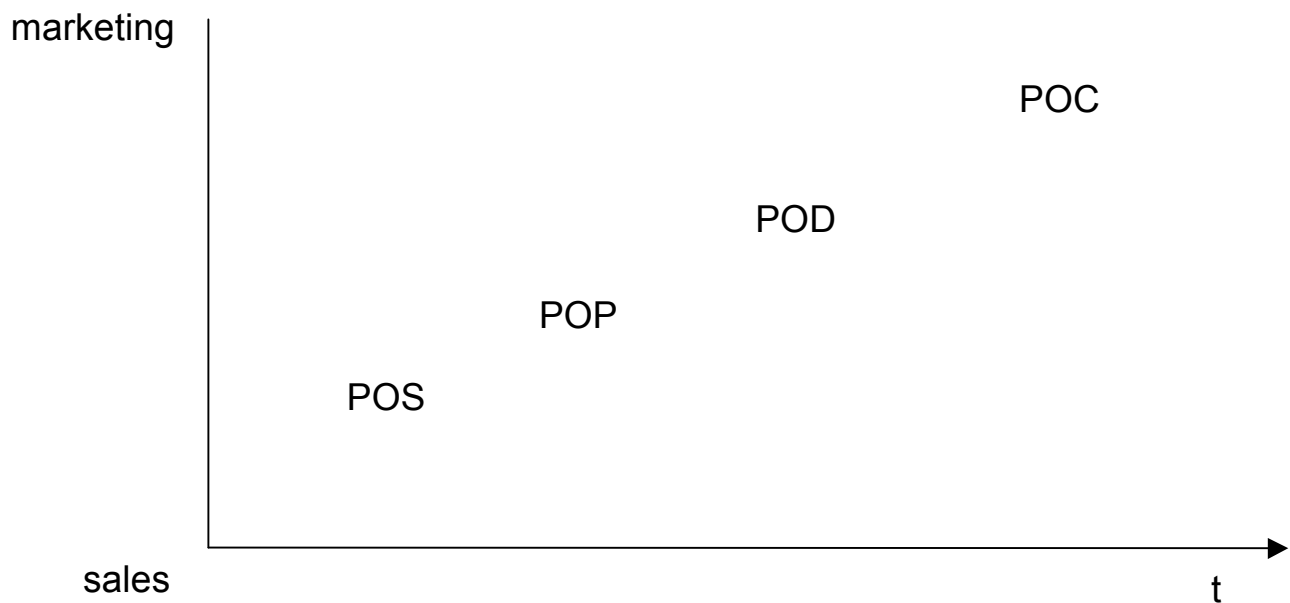


Figure 9: From Sales to Marketing and finally consumer communication

3.0 Conclusions

Starting on store-level it will be a very interesting challenge to balance the nucleus of a store-brand and local wishes of customers – especially in a globalizing world which nevertheless is a conglomerate of different cultures.. Lots of research can follow the shopping-basket, the sociology of customer-clusters etc.

On the level of regional/central headquarters data-collections and data-mining are fields for the future! A big question of survival for SMEs will be the price of hardware and software and the accessibility for human resources being qualified to do the job – or to cooperate with Competence Centers which might be linked to universities.

On the level of relations between suppliers and retailers the topic of “market power” (without the question of concentration) could be smoothed by the newly discovered “third column” – the consumer! He will most probably use his influence starting with the capital of good agricultural practice uptil Corporate Social Responsibility within all the supply chains.

Lust but not least the big impact of change will have dramatic impacts onto the countries of the former “Eastern Bloc” due to the first 50 years after the World War II. While in the beginning of the fall of the Wall the West could carry-on with its experience, international product source – the East started at Point Zero!

- Taken the top ten food retailers in Poland in the year 2000 – that means ten years after the fall of the division between East and West there was no Polish retailers any more among them – the only (P) stands for Portugal!

Poland		EHI Retail Institute	
Rank	Company	Number of Stores	Turnover 2000 in Mio. €
1	Metro (D)	65	2,512
2	Jeronimo Martins (P)	735	963
3	Casino (F)	33	614
4	Carrefour (F)	52	611
5	Rewe (D)	40	572
6	Dohle (D)	13	461
7	Tengelmann (D)	131	455
8	Ahold (NL)	149	441
9	Auchan (F)	24	418
10	Tesco (GB)	40	394

Figure 10 : Poland – Top 10 retailers /2010

- if there are no local retailers the local suppliers quickly have to get the know how of the international supply chain! Otherwise they will get out of business – which means losses of employment, of local/national taxes!
- While in the West not only retailers did have 50 years to learn step by step new technical innovations and store formats all innovations of 50 years of the last century and the add-on of the new century have to be learned at one (as a crash-course) in Central and Eastern Europe
- The same is true for the consumer – which is not trained and accustomed especially within the older generation to pay by cards or by mobile phones at the cashier in the supermarket. Learning cycles of human beings might be challenged in quite a lot of population-sectors.

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