

Market entry effects of large format retailers: a stakeholder analysis

Stephen J. Arnold and
Monika Narang Luthra

The authors

Stephen J. Arnold is a Professor and Monika Narang Luthra is a Doctoral Candidate, both at the School of Business, Queen's University, Kingston, Canada.

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Abstract

Identifies the effects associated with the entry of a large format ("big box") retailer into a new market, especially a smaller one. A large format retailer can be a discount department store, category specialist, warehouse club, superstore, supercenter or hypermarket. In order to identify these effects, a review was made of published and unpublished studies. In addition, interviews were conducted among key informants including developers, urban planners and professionals, economic development officers, retail executives and store managers. The result of this research includes a documentation, analysis and discussion of numerous effects, including benefits to the consumer, differences in the demographics of large format store shoppers, rapid growth in the sales and market share of the new entrant, growth in the community economy, growth and decline in various commercial sectors, decline in the economy of nearby markets, creation and losses of jobs, and increases and decreases in market efficiency. Given these effects, suggests implications for each community stakeholder. Listed are a large number of questions for future research.

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Introduction

Although the first hypermarket dates back to 1963 (Cliquet, 2000), large format retailers (also referred to as the "big boxes") did not become a familiar sight to shoppers until the 1990s. They can be spotted as a tall, single-storied, free-standing, metallic-like superstructure situated on a spacious asphalt parking lot. They are twice as likely to be located in a suburban area as opposed to the central, metro area and are found at a major thoroughfare or alongside a highway with easy access (Jones and Doucet, 2000). The stores are relatively large and typically exceed 100,000 sq.ft or 10,000 sq.m, although ones over 200,000 sq.ft or 20,000 sq.m are not uncommon.

Size is relative, however, and varies across markets and retail categories. In France, a large format retailer is a store of least 5,000 sq.m, although "big hypermarkets" average about 8,000 sq.m per store (Cliquet, 2000). In a small UK city, a food superstore with an area of 40,000 to 60,000 sq.ft or about 5,000 sq.m would be regarded as a large format retailer. According to Portuguese law, a large format store is one over 2,000 sq.m in counties with 30,000 or more inhabitants and over 1,000 sq.m otherwise (Farhangmehr *et al.*, 2000).

The large format retailer is usually one of five types:

- (1) discount department store carrying non-food merchandise, e.g. Wal-Mart department store;
- (2) super food warehouse carrying food only, e.g. Cub warehouse;
- (3) category specialist ("category killer"), e.g. Home Depot, B&Q, Toys 'R' Us;

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- (4) warehouse membership club store, e.g. Costco; and
- (5) hypermarket/supercenter carrying food and non-food merchandise, e.g. Wal-Mart Supercenter, Meijer, Carrefour, Auchan.

These five types of large format retailers represent a spectrum of retail operations and differ from one another on several dimensions including breadth and depth of product assortment, level of service, pricing policy and customer demographic profile. Nonetheless, there is a commonality among these new retailers in terms of their sheer physical size, their emphasis on low price or value, their low gross margin/high volume business, and, most importantly, the effects they engender on market entry.

The economic, structural and communal repercussions of the market entry of these new format retailers are several and it is useful to attempt to catalogue them and explore their various implications. Furthermore, the magnitude and direction of the many potential effects of these giant retailers are not self-evident, leaving open the question as to how these new members of a community should be regarded. For instance, does the entry of a new retailer enhance or hinder the health of a competitive market structure? If other retailers offering similar products are driven out of business on entry of the large format retailer, are the benefits of competition lost in the long run? Does a large format retailer increase primary demand or is it a zero sum game? As the effects associated with entry of the large format retailer tend to be simultaneously positive and negative, what is the net result?

As a result of these questions, the entry of large format retailers into a community is often met with ambivalence. The reactions range from enthusiastic support, involving developer subsidisation, to bitter opposition, involving zoning and growth restrictions. However, ambivalence about the many potential effects of a retail institution is not a new phenomenon and is intimately associated with growth and evolution in the retail sector. For example, the emergence of department stores was not uniformly welcomed in the previous century. Similar sentiments were expressed in the 1920s and the 1930s about retail chains. In the 1950s and 1960s, the shopping centers appeared and competed

with the central business district for customers. Now, at the end of this century, attention has come to focus on the widespread emergence of the large format retailers.

The purpose of this paper is to analyse, document and discuss the effects associated with the entry of a large format retailer, especially as it affects a small city or town. A small town or city means a market of 100,000 or fewer people. Certain patterns of effects have been observed when a large format retailer enters into this kind of community. While the effects instilled by the big boxes may not be so different in the context of the larger or the smaller communities, it is believed that these effects are likely to be felt with much greater intensity in the smaller communities. The smaller communities tend to be more economically fragile and thus more vulnerable to the effects associated with the entry of a large format retailer.

The paper is based on a review of several published and unpublished studies where these effects could be identified. The analysis of secondary information sources was supplemented by the views of knowledgeable individuals. Fifteen interviews were conducted among developers, economic development officials, municipal government officials, urban planners and professionals. The opinions of the executives and the store managers at the incumbent and the incoming retail establishments were also considered.

The paper attempts to inform the various stakeholders, such as existing businesses, the community and its citizens, the municipal government, the near-by communities and the new large format retailer itself, about the various costs and benefits associated with its arrival into a community. It indicates to retail incumbents, for example, how their business might be affected and how they might best maintain shopper loyalty. It suggests to the new market entrant what may be the responsible ways for introducing their new store into the community. It informs the local governments and urban officials as to what is likely to be the long-term impact of this irreversible change. Finally, it also identifies areas where information about market entry effects is scarce and where future research can be directed.

Stakeholder: consumers

Inherent consumer benefits

Arnold *et al.* (1997), across four studies of low price department stores, found that 29 to 37 percent of the respondents ranked location as the most important attribute in choosing the store at which they shopped most often. Further, 15 to 21 percent of the respondents ranked assortment as the most important attribute determining their store choice. Also, 19 to 25 percent of the respondents ranked low price to be the most important reason when choosing a store. In the case of the six retail food store studies conducted by the same researchers, 12 to 22 percent of the respondents regarded price as the most important attribute. In the case of the seven home improvement studies, this percentage ranged between 9 and 21 percent and, in the case of the nine warehouse club studies, 65 to 82 percent of the respondents identified low prices as the most important reason.

In the context of the above attributes identified by the consumers as determinant in store choice, i.e. location, assortment and low price, it is evident that a well-located, large format retailer in a small community has an inherent advantage when compared to other retailers. Huff's (1964) gravity model of retail attraction provides support for the above argument by suggesting that shoppers choose stores primarily on the basis of distance (minimal for the large format retailer in a small community) and area (relatively large for the new entrant and resulting in a desirable wide assortment).

To explain further, a contemporary Wal-Mart discount store occupies up to 120,000 square feet, while Costco and Home Depot occupy about 130,000 square feet. Along with the wide assortment afforded by their large size, the stores of new format retailers in smaller communities are not more than 15 minutes away by automobile. Further, stores such as the Wal-Mart discount store, Wal-Mart supercenter, Costco and Home Depot offer an everyday low price, supported by their large volume buying power and a low cost strategy. Thus, the large format retailers are able to offer a price advantage when compared to the other retailers.

These expectations are mirrored in recent European and North American studies. For instance, Aalto-Setälä (2000) found that large Finnish stores have on average 10 percent

lower costs and 10 percent lower prices than small stores. Farhangmehr *et al.* (2000) found one-stop shopping convenience and price to be the reasons why Braga, Portugal consumers prefer to shop at hypermarkets rather than traditional stores. Seiders and Tigert (2000) showed that a Wal-Mart Supercenter scores highest on lowest prices, best value, best assortment of non-foods, cleanest stores and fastest checkout among US consumers. Brennan and Lundsten (2000) found that, in five small Minnesota towns, low prices and large variety account for almost 80 percent of the primary reasons why consumers shop discounters.

The large format retailer may not be adept in every product line. For example, Stone's (1995, p. 76) study revealed that warehouse club members rated their store a better value for dry goods, health and beauty aids and general merchandise. However, the supermarket was rated higher for produce, meat, deli and bakery goods. Further, even though a warehouse may carry a large product line, it may not offer several different brands or sizes in each product category. In one interview with a Costco real estate broker, it was brought up that, although Costco may sell several different products, it does not offer much variety in each product category. Thus, certain trade-offs may exist in case of the warehouse clubs, in that they may be able to offer goods at low prices but not a wide assortment in each product category. Thus, in this sense, opportunities may exist for smaller format retailers, such as the supermarkets.

Besides location, assortment and price, the other inherent consumer benefits include an efficient, climatically-controlled, one-stop shopping experience with extended shopping hours. The large format retailers today include in their stores travel agencies, wine stores, film processing, shoe repairs, dry cleaners, pharmacies and banking services. These additional services make these stores destinations for consumers.

Another advantage of a large format retailer is the consistency in its service offering. A large format store, which is generally a part of a multinational chain, tends to have the same layout, design, product assortment and level of service. In other words, the services provided at a large format store are based on a formula. Consumers often prefer to know that in any Wal-Mart, for example, the food items would be close to the cash checkouts or that

the employee would be friendly and helpful. This helps to build consumer loyalty.

Although the above mentioned attributes constitute the preference structure of an average consumer, these attributes may not be salient for all shoppers. Some focus group participants said they would never become loyal to this type of store because the stores were just too big and lacking in personal interactions (Morganosky and Cude, 2000). They were also dissatisfied over pricing mistakes, changing layouts, unused checkout lanes and local business impact. This critical view on the part of some consumers leads to a discussion of the specific demographic profiles of the consumers who shop at these large format retailers.

Differences in the demographics of large format store shoppers

The large format retailer may not be an attractive option for all consumer segments. For example, smaller and more service-oriented stores may enjoy increased patronage from seniors and/or wealthier households. However, certain demographic trends over the years have made shopping at large format retailers appealing to certain consumer segments. For instance, with both the spouses working and an increasing number of single parent families, the longer hours of the large format retailer prove to be very convenient. Further, the ease associated with one-stop shopping has also contributed to the success of large format retailing. The movement of the large baby-boom age cohort through family-rearing years has also favoured the large format retailers. With food and mass merchandise being sold at everyday low prices, the discount stores and supercenters have appealed to the large-family, value-conscious consumers. However, the appeal of the large format retailer may not remain as great as the baby-boomers turn 50 and their children leave the family nest.

Several studies have been conducted that aim at evolving a profile of the consumers who shop at the large format stores. Arnold (1997) randomly sampled female heads of households in Kingston on three occasions over a period of three years and compared the shoppers and the non-shoppers of large discount stores. The profile of these two segments revealed that, while the shoppers tend to be in the middle age and middle income categories, the non-shoppers tend to

be under 25 or over 55 and are more likely to be in the extreme income categories of under \$20,000 or over \$70,000.

In an 11-city study by Tigert *et al.* (1992), a detailed profile of warehouse club members was derived. The study found the members to be distinctly "upscale from the general population." Further, approximately 63 percent were full-time employed and approximately 46 percent were classified under the professional, i.e. managerial, technical or administrative occupation categories.

A study by Stone (1995, p. 72) provides a further insight into the profile of warehouse club members, by drawing a comparison between the demographic profiles of warehouse club members and the supermarket shoppers. The study revealed that 80 percent of the warehouse club members tend to be in the middle age category of 25-55 years compared to 64 percent of the supermarket shoppers. Further, 27 percent of the warehouse club members tend to have higher annual household incomes of over \$60,000, compared to the 14 percent of the supermarket shoppers. Moreover, 73 percent of the warehouse club members come from larger households of over two persons, compared to 57 percent of the supermarket shoppers. Furthermore, 59 percent of the warehouse club members have more children under the age of 18 years compared to 42 percent of the supermarket shoppers.

Alterations to the relative importance of store choice attributes

The study by Arnold *et al.* (1998) found that the market entry of a large format retailer modified the importance or salience of the attributes used to compare and choose stores. Their research found that, on the entry of Wal-Mart into a market, consumers began to place more importance on the attributes emphasised by Wal-Mart such as "low or best prices" and "helpful and friendly service." For example, before Wal-Mart entered the Kingston market, only one in every three shoppers claimed that low price was the most important reason for choosing the store at which they shopped most often. Three years later, one out of every two shoppers stated low price to be the most important reason for choosing a store. These results were interpreted as supporting the claim that the

shift in the attribute saliences was consistent with the attributes that defined Wal-Mart. This "market spoiler" impact can be detrimental for other retailers in the trading area who do not conform to "everyday low prices" and thus can lower the store's attractiveness for the consumer. The study also found that less importance was placed on features emphasised by other stores, such as the various sales promotion advertisements, quality and credit card acceptability.

Stakeholder: existing retailers and other businesses

The three important effects engendered by the large format retailer on the existing retailers and other businesses are: rapid market penetration in the growth stage of the life cycle, decline in the sales of the local retail stores, and growth and decline in various commercial sectors. A discussion of each of these effects follows.

Rapid market penetration in the growth stage of the retail life cycle

Several studies show that an important pattern associated with the entry of a large format retailer is an accelerated rate of market penetration. To begin, Arnold's (1997) Kingston, Canada tracking surveys recorded Wal-Mart's share of female heads of households as increasing from 7 percent at market entry in 1994 to 23 percent after 18 months and to 30 percent after three years. In another study by Seiders and Tigert (2000) and pertaining to the two small towns of Gainesville, Georgia and Victoria, Texas, the same pattern was observed. A year after the opening of the Wal-Mart and Kmart supercenters in Gainesville, Wal-Mart had captured 10 percent of the primary shoppers, while Kmart had captured 6 percent. Similarly, in Victoria, it was observed that after a year Wal-Mart supercenter had acquired 13 percent of the shoppers, while Kmart supercenter had acquired a 7 percent share. Jones and Doucet (2000) estimated Wal-Mart had 25 percent of the department store sector in the Greater Toronto area in 1997 only three years after market entry. Toys 'R' Us had a similar share in the toys and hobbies while IKEA had 19 percent of furniture/household furnishings and Home

Depot 33 percent of the retail hardware/lumber/home repair business.

Tigert (1984) provided an assessment of the impact of Home Depot in Phoenix, Arizona. The study revealed that in a time span of less than a year, Home Depot had captured a 26 percent share of the shoppers. Similarly, Arnold *et al.* (2000) found 27 percent of Kingston home improvement respondents were shopping most often at Home Depot within six months of that retailer's market entry. Thus, it is apparent that large format retailers can achieve high penetration levels in a short duration of time.

Long-term rates of market penetration were reported in a number of studies. For the Atlanta, Indianapolis and Dallas/Fort Worth markets where Wal-Mart entered a decade or so previously, Tigert *et al.* (1993) reported that Wal-Mart's share of shoppers in each market exceeded 50 percent. Farhangmehr *et al.* (2000) reported that hypermarkets entered Portugal in the late 1980s, and by 1996 72 percent of Braga respondents used it as a major shopping outlet. However, patronage depended on the type of good and the hypermarket was the preferred type of retail store for frequently purchased packaged goods, e.g. detergents and household cleaning, personal cleaning, beverages, dairy products, groceries, toys, frozen foods and beauty care/perfumes. In contrast, the majority of respondents reported buying goldsmith/jewellery, furniture/decorations, footwear, clothing, bread, stationery goods, meat and fish at traditional specialised, grocery and minimarket stores.

Some studies suggest that large format retailers are likely to experience a life cycle of growth, maturity and decline, similar to department stores and variety stores. For instance, Farhangmehr *et al.* (2000) reported that hypermarket growth in Portugal peaked in 1995. This maturing of the hypermarket format was due not only to the emergence of small shopkeeper protectionist, political and legal forces, but also to increased competition from supermarkets and limited assortment discount stores, e.g. Lidl. Similarly, Cliquet (2000) observed that hypermarket growth in France had levelled off and, after estimating a life cycle curve, predicted this format could disappear by around 2015. Hahn (2000) suggested that it took only ten years for US power centers comprising big box retailers to mature, and by the mid-1990s many big

boxes were deserted due to consolidation and bankruptcies. She also identified Home Depot, Wal-Mart and Office Max testing much smaller store sizes. Finally, California, Arizona and Maryland have either proposed or made zoning changes that apply size constraints to the large format retailer.

Decline in the sales of the local retail stores

While the large format retailers gain rapid market penetration, it is at the expense of existing retailers who are confronted with declining market share, sales and profits. For instance, Vance and Scott (1994) examined the impact of a Wal-Mart supercenter on the sales of seven grocery stores. The study observed that at the end of a three-month period, local grocery sales declined by an average of 11 percent per store. Subramanian and Marquardt (1995) looked into the impact of large format retailers on local stores and noted that the arrival of Wal-Mart in small towns precipitated a decline in the number of local stores. In Arnold's (1997) Kingston, Canada tracking studies, Wal-Mart's gain was at the expense of all other department stores. Home Depot's gain in the same market (Arnold *et al.*, 2000) came from Cashway and Beaver Lumber whose market shares were halved. Four out of every five traditional Braga, Portugal retailers reported that the newly arrived hypermarkets resulted in a lower number of customers, sales volume, profit margin and profit (Farhangmehr *et al.*, 2000). Of 222 small retailers in five Nebraska communities in which a Wal-Mart store recently opened, 53 percent reported suffering negative consequences (McGee, 1996). In eight retail categories in direct competition with big boxes in the Greater Toronto area (Jones and Doucet, 2000), there was an overall decline of 7 percent in share of total stores. Declines were greatest in office products (-23 percent) and hardware (-17 percent). Seiders and Tigert (2000) concluded that a supercenter is likely to achieve a "20 percent market share in the retail food market" and that "many of the weakest traditional supermarket chains in each market will eventually disappear."

In an interview with the manager of one of the Loeb chain's supermarkets, the manager revealed that the warehouse club Costco was expected to lead to a 5 percent decline in Loeb sales. He noted that other competitors

could expect a "larger shrink" if they were located closer to the new Costco or if they sold in bulk. He observed, for instance, that a "no frills", discount bulk grocery store, could face a 15 percent to 20 percent decline in sales.

Growth and decline in various commercial sectors

Another phenomenon associated with the growth of large format retailers is the extent to which their growth spills over to other commercial sectors. Stone's (1995) study of 34 Iowa towns with new Wal-Mart stores found sales increases in certain specific commercial sectors. The sales increase was reported in general merchandise (+44 percent), home furnishings (+9 percent) and eating and drinking (+3 percent). Based on certain observational and anecdotal evidence, the study also suggested that additional traffic generated by the entry of a Wal-Mart store boosted the sales in stores carrying upscale clothing, upscale shoes, upscale gifts and upscale jewellery. Further, an increase in sales was also reported for gas stations, personal and business service facilities. Thus, in essence, the study suggested that the stores with specialised offerings tended to gain on the entry of a Wal-Mart. Davidson and Rummel (2000) showed this result, with Wal-Mart host towns experiencing greater increases in food sales, restaurants and building supply stores.

An important way in which the new format retailer creates economic spin-offs is by serving as a guaranteed generator of traffic. A city of Toronto informant cited a study that showed that a new supermarket would "redirect" \$3-\$4.5 million in sales to the nearby downtown stores. The study also indicated that the supermarket might also lead to other brand name-store openings and strengthen other businesses such as restaurants, personal services, etc. A manager in one interview likewise noted that "When [Costco] has opened you'll see other businesses spring around it, you'll see more food industry . . . you'll see other companies come in . . ."

Economic spin-offs may also be generated by way of additional services required by the new format retailers. Often these services include distribution services, advertising services, truck rentals, food acquisitions, maintenance, architectural, electrical and

mechanical engineering services. Ozment and Jones (1990a, 1990b) found an increase in the sale of services such as automobile repair and eating and drinking subsequent to the entry of a large format retailer.

Contrary viewpoints were found in regard to the creation of economic spin-offs by way of services required by the new format retailer. The generation of these economic spin-offs has been contested on the ground that since the new entrant retailers tend to have established ways of doing business, opportunities for local business are not generated. For instance, Weinstein (1994) and Lang (1981) observed that organisations new to the market, and chain stores in particular, rely on their previous distributors. Further, other professional services, such as legal, accounting, marketing, and insurance, are obtained through the head office rather than through local branches. Lang (1981) cited a downtown manager who observed that "they [the large format retailers] buy nothing from our local wholesalers. Even their stationery and supplies are purchased outside the city. Other than a few clerks, their employees are brought in."

Not surprisingly, a counter-opinion was found in an interview with the public relations manager of Home Depot. The manager specifically noted that "... we are Home Depot Canada. We don't bring Americans to work in our stores; all the employees are Canadian. As far as the merchandise and the vendors, we buy Canadian. Absolutely. If there is a Canadian window company and an American window company, there is no doubt we buy Canadian."

Just as the entry of the large format retailer results in the growth of certain retail categories, research indicates that it also leads to a decline in other categories. For instance, Stone (1995) observed in some retail sectors declines in the standardised per capita sales ratios. These sectors included apparel (-18 percent), specialty (-14 percent), building supply (-13 percent) and grocery (-5 percent). In the same study, a comparison of the market share of Iowa stores between 1983 and 1993 showed decreases ranged from 3 percent for women's apparel stores to 44 percent for men's/boy's apparel. In between were auto-parts (-9 percent), drug (-11 percent), grocery (-14 percent), jewellery (-19 percent), shoe (-20 percent), variety (-26 percent), lawn and

garden (-28 percent), hardware (-31 percent) and miscellaneous apparel (-32 percent).

Implications for incumbent retailers

Given these effects, it is relevant to consider both what the incumbent retailers have done and what they should do to counter the problem. Farhangmehr *et al.* (2000) found significant differences between the various store formats in their responses to the new hypermarket competition in Braga, Portugal. For example, traditional grocery stores were less inclined, compared to specialist retailers, to invest in training, to search for new suppliers or to enter into partnerships with other retailers for the purchase of goods or the development of promotional campaigns. Although there were some differences between those who were negatively affected by Wal-Mart's arrival and those who were not, McGee (1996) found that neither group made dramatic adjustments to their competitive strategy. McGee (1996) cited other studies where the small retailers appear either unwilling or unable to enact a competitive response.

The prescriptions for doing business in a Wal-Mart town are not to compete on price nor to offer the same products. Stone (1995) suggested complementary merchandise, e.g. upscale products, greater variety in a specific category, extended hours of operation, improved customer service skills and refined return policies. Davidson said she took exactly these steps with her Maine retail furniture store and experienced increased sales levels annually (Davidson and Rummel, 2000). Brennan and Lundsten (2000) suggested specialty stores differentiate themselves from discounters by increasing product assortments in the key categories carried, upgrading quality with branded merchandise not available to discounters, and maintaining good in-stock positions.

Existing retailers must recognise that the appeal of the new retailer is limited to a specific demographic and socio-economic segment, albeit a large portion of the population. The dissatisfaction with large format retailers expressed by some of Morganosky and Cude's (2000) focus group participants reinforces this notion of market segmentation. This implies that the existing retailer can focus on the shopper segments that are not drawn towards the new retailer. For instance, they could focus on the fewer

customers who value the specialty goods and more satisfying service mix possible in a small store. The one dissension from this prescription comes from Peterson and McGee (2000), who concluded after analysing their retailer data that a sustained marketing emphasis on quality is not a clear prescription for removing the impact of Wal-Mart's presence.

Stakeholders: citizens, communities and governments

Economic growth

If the large format retailers were to simply take the market share from weaker competitors, there would not be any change in the overall economic activity. However, an implication of the Huff's gravity model as applied to the large format retailers is the notion of a greater trading circle. The larger store area of the new retailer will increase its attractiveness to more distant shoppers, some of whom will trade off the more distant location for a lower price, greater assortment and one-stop shopping convenience. As a result, the economic health of the entry market is likely to improve, when measured in terms of retail sales, per capita sales, sales taxes, real estate/property taxes, household incomes, per capita income, employment levels, retail prices and available goods assortment.

Several studies consistently reflect a net positive boost to the economic health associated with the entry of a new retailer. For instance, the Stone (1995) study conducted in 1993 of 34 Iowa towns with populations of 30,000 compared changes in standardised per capita sales ratios over a five-year period subsequent to a Wal-Mart opening in the town. The results revealed that the total per capita sales increased by 5.6 percent. Davidson and Rummel (2000) compared the sales tax records of 13 Wal-Mart host towns in Maine with those in ten nearby towns and 18 other towns more than 15 miles away, one through four years after Wal-Mart's entry. Results reflected in the tax records showed significant sales increases in the Wal-Mart towns, especially for general merchandise, while retail sales in neighbouring towns declined or increased at relatively low rates. Other towns in Maine did not show the same rates of growth as the host towns.

A study was made by researchers at the College of Business and Public Administration, University of Missouri, Columbia, of 14 rural Missouri counties in which Wal-Mart opened stores between 1983 and 1988. Not only did the researchers find a "significant positive effect on sales-tax revenue" but they also revealed that the salaries, retail employment, personal and per capita income increased in "almost" every county (cited by Vance and Scott 1994, p. 141).

In a similar study, Ozment and Jones (1990a, 1990b) examined counties with populations between 8,000 and 50,000 in the three US states of Arkansas, Missouri and Oklahoma. The researchers compared 104 counties with a discount retail chain, to 78 counties without one, and found that counties with a discount retail chain fared better than those without, in terms of per capita income, level of employment, local tax revenues, bank deposits, and number and value of new houses.

Cliquet (2000) identified economic benefits of large format retailers at the national level. He observed that hypermarkets widened access to consumer goods and permitted many suppliers, especially the smallest, to export to any place in the world where their hypermarket customers were located. He also thought that because hypermarkets helped to reduce inflation, government action against the hypermarkets has always been designed more to please small shopkeepers than to limit hypermarket growth.

While the gravity model provides a theoretical rationale for the economic growth accompanying the entry of large format retailer, an alternative explanation also exists. Considerable investment in the construction of large format stores would be made only in those local or national markets where there are positive economic indicators. Thus, much can be attributed to the soundness of the entrant retailer's location analysis. In sum, a more general question, warranting further research, would be whether retail developments precede or follow economic growth?

Some reservations about the long-term positive economic effects were expressed during the interviews with some of the informants. A city planner observed that many times the big boxes "pack up and leave" certain locations. Such an event would normally follow the opening of a centrally

located Wal-Mart supercenter, which would render the local Wal-Mart store in a nearby town superfluous. Some of the small businesses in the nearby town would have closed long ago because of the tough competition from the big box retailer. The city planner noted that as a consequence "... now there's nobody left in the town to sell you anything, so you now [have to] drive 30 miles to get anything." A similar incident was described by Vance and Scott (1994, p. 152), where the closing of a Wal-Mart store in Hearne, Texas, led a minister and a former resident to accuse "the discount chain of killing his home town twice – once when it entered the town and damaged its local businesses and the second time when it left."

Another important reservation associated with economic growth revolves around the fact that the new, large format retailer may not generate new business for itself, i.e. create primary demand, but instead take market share from existing businesses. When the latter effect occurs, the economic growth in the market of entry of the large format retailer is at the expense of the downtown business core or else the surrounding towns and villages. A Home Depot representative defended her company on this point by noting that Home Depot, by organising do-it-yourself clinics, makes the market larger. It creates a demand for something that did not exist before. As an example, she explained that the store may hold clinics for people who want to remodel their bathroom but do not know how to do it. In such cases, "suddenly people who weren't do-it-yourself in the past suddenly [become] do-it-yourselfers."

Reservations pertaining to the long-term economic growth of the community also concern the fact that, since the large format retailers are often a part of large, multinational, publicly traded companies, their profits and dividends are sent to the corporate headquarters and then to the shareholders. Vance and Scott (1994) cited a local clothing store owner who observed that, "They do such a tremendous sales volume and their money leaves the town immediately. That money may have circulated among several businesses in town, but now, once it's gone, it's gone." A downtown business association economic development officer also noted that a crucial difference between the new format retailer and a local independent was that the local independent

spent their profits in the towns where they lived. Thus, the essence of the argument is that, since profits and dividends are siphoned out of the community, the opportunity for a multiplier effect, that would otherwise have created several economic spin-offs in the community, is forfeited. For instance, in a study by Ircha (1982), it was found that most of the malls in Atlantic Canada were owned and managed by home offices in central Canada. The result of this ownership was that a substantial portion of the profits left the province from where it was generated.

Decline in the downtown business district

The core issue underlying this crucial impact is whether the downtown core or the central business district suffers and loses business as a consequence of the entry of a large format retailer. An inability of the new retailer to create primary demand and the convenience associated with one-stop shopping destination may also be two important reasons for the loss of business experienced by downtown stores.

While in the case of category specialists such as Home Depot or Toys 'R' Us, the problem of "one-stop" shopping destination is mitigated, in the sense that these stores do not offer products apart from hardware and toys respectively, and the supercenters, the discount stores and the warehouse clubs often become the end destinations. The various warehouse clubs and supercenters carry a wide assortment of goods other than mass merchandise, including fresh produce, meat, dairy and bakery products. Further, many services such as a wine shop, travel services, photo furnishing, shoe repair, prescription lens etc. are also offered. In such cases, the new format retailer may have the same detrimental effect on the central business district (CBD) as did the construction of shopping malls.

The studies pertaining to the impact of new shopping malls on the CBD show consistently a negative impact. For example, Muller (1978) studied six cities in which a regional mall had been built and found that sales were reduced by an average of 37 percent in the five downtown areas. Dent's (1985) study of Atlanta's public policy showed that, once interstate highways were built, the nearby CBD lost 25 percent of their sales while the shopping malls experienced a high growth. Ghosh and McLafferty (1991) pointed out

that the retail sales were cut by half in the period from 1964-1977 as the popularity of the suburban malls increased. Ircha (1982) found that the level of sales in the existing retail outlets showed a decrease relative to the sales gained by the new shopping center. Goss (1993) reported that the west German enclosed pedestrian malls stole retail sales from the outer streets.

From these studies, it can be inferred that the establishment of a new, large format retailer might have an adverse effect on the downtown business units. Peterson and McGee's (2000) mail survey of 428 Nebraska and Kansas businesses from five towns in which Wal-Mart opened during 1989-1994 supports this logic. Of the businesses with less than \$1 million in sales and which were located in the central business district, 64 percent reported a negative impact.

Hallsworth and Worthington (2000) reported that, although a new Safeway store widened the catchment area of the town as a whole, it was estimated that the town center market share had fallen by 10 percentage points and that there had been heavy trade diversion.

Another interesting effect related to any potential decline in downtown business was brought up during the course of an interview with an urban and regional planning professor. He pointed out that often the entry of a large format retailer results in mass standardisation of services. As the mass-produced goods shift to the shopping centers or to the large format retailers, the downtown stores tend to become more and more customised. As an example, as mass clothing shifts to the mall, one finds a trend toward more and more specialised boutiques in the downtown. This example can be extended to other unique functions such as the stores selling jewellery, music, artefacts of local craftsmen, portrait-making, or even restaurants. However, not much space is needed to support such functions and as a result one finds that two or three blocks in the downtown area may thrive while the others may slide down, or the blocks may survive in patches, in that a few stores in the middle of a block may generate business, while those at the ends may wear off. Thus, the CBD area tends to become patched in terms of its economic viability.

A decline in retail sales has its own set of ripple effects. Muller (1978), for instance, observed that a decline in retail sales often

leads the building owners either to negotiate lower rents or to vacate the building. Smaller cities tend to be especially susceptible to the stagnation in the downtown shopping district and find it difficult to replace the older retailers with new ones. Thus, properties become vacant and this eventually leads to lower property values, taxes and even blight. In the same study, Muller found that a decline in commercial activity in downtown Plattsburg led to a reduction in gross rental income by 34 percent and a decline in property values by 35 percent to 45 percent over a seven-year period. Hajdu (1988) in West Germany also observed similar effects due to the trend towards pedestrian malls.

Several downtown redevelopment schemes are often undertaken to prevent a decline in downtown business. For example, the Economic Development Officer for Downtown Kingston Business Improvement Area related the case where the Economic Development Office implemented a "Ride Free Program". The program involved collaboration between 70 or 80 merchants in the downtown area and the Kingston Transit. As per the program, the merchants offered a free ride on the Kingston transit with a minimum purchase from their stores. This encouraged people to visit the downtown stores and also helped to minimise parking problems in the downtown area.

As to ways to curb decline and stagnation in the downtown areas, research indicates that, from a planning standpoint, locating a large format retailer in the downtown core may not necessarily be a successful strategy. This can be reasoned from the studies done on shopping malls, and thus can be extended to our present context. For example, in a study of the Keskus mall in Thunder Bay, Lorch and Smith (1993) explained that a "fortress effect" took place, which ensured that the new mall held a "monopoly over pedestrian activity" in the areas surrounding the mall. They found that two out of every three shoppers who parked in mall's garage never ventured outside the downtown mall. Another effect, also found to be operational, was the "distance decay effect". The essence of this effect was that the farther the businesses were from the mall, the more they began to rely on different segments of customers. Mall customers did not venture very far from the mall. Finally, there was the "intervening opportunity effect" that was

observed in regard to consumers who parked outside the mall. The effect was that the customers tended to shop along the way to the mall, stopped at the mall and then turned around again. They did not travel to other downtown shopping areas which lay outside their path to the mall.

The above discussion pertains mainly to the economic effects of a large format retailer in the downtown area. However, the entry of a large format retail store may also disrupt the traditional patterns of social interchange developed in a community (Weinstein, 1994). The downtown area in a small city is not only a place where people shop, but also a place where people meet and interact with others. The city hall, the restaurants, the coffee shops, the park benches, the waterfront, theatres and cinemas serve as avenues for cultural enrichment and relaxation. However, as more and more suburban peripheral retail establishments develop, more and more customers drive there and thus fewer and fewer people frequent the downtown area and engage in a social interchange. While the shopping malls still attempt to integrate a communal atmosphere with the shopping experience, by providing benches and restaurants for people to engage in cultural exchange, the problem tends to be more pronounced in the case of the large format retailers. As mentioned, they are free-standing or at best grouped in the open air with other large format retailers in what is referred to as a "power center" (Hahn, 2000). Even the shopping malls, despite their efforts, have been accused of replacing the feeling of "community belonging in the CBD" with the feeling of "belonging in the mall".

Job creation/losses and job quality

The entry of a large format retailer is associated with both job increases and decreases. The new retailer creates more jobs but, at the same time, it also results in job losses in competitive stores, including the local independents. For instance, Jones and Doucet (2000) found that big box employment in the Greater Toronto area grew by 61 percent in the 1993-1997 period while non big-box employment declined by 2 percent. Furthermore, in 1993, 28 percent of all retail employment in five retail categories was within 2km of a big box competitor and 41 percent was more than

4km away. In 1997, the same figures were 43 percent and 26 percent.

As to the net effect, the view endorsed by at least some urban planners is that the entry of a large format retailer results in a net increase in jobs. For example, the Kingston urban planners supported the proposal for a new power center on the grounds that additional employment would be brought to the city. In another instance, the manager of a local supermarket estimated that the entry of a new Costco would bring 200 jobs to Kingston, which can be deemed as a "lot of employment for the Kingston area". The analysis of 1992-1997 Greater Toronto Area employment data by Jones and Doucet (2000) revealed a 1.3 percent decrease in employment overall. However, this average masked a decline of 87 percent in catalogue stores and 82 percent in lumber yards and growth of 24 percent in sporting goods and toys and 14 percent in furniture/electrical.

In a study by Rychliwsky (1996) in Brampton, Canada, it was hypothesised that the opening of the power center would lead to a net decrease in employment. However, interestingly, the results indicated that the number of layoffs decreased by 325 percent two years after the opening of the power center. The data showed that there was in fact a net increase of 362 jobs in the retail sector. Thus, the study supports the fact that the entry of a large format retailer can have a net positive effect on the level of employment. However, two issues of concern are in order. First, the power centers, which are generally "discount" based, could hire fewer people for fewer wages as a part of their low cost strategy. Rychilwsky (1996) found that the power centers tend to hire fewer people than do regional malls. It was found that, while the Brampton power center employed one person for every 560 sq.ft of GLA (Gross Leasable Area), the regional mall employed one person for every 504 sq.ft. Thus, if power centers end up replacing regional malls, this can lead to a net loss in employment.

Second, the new jobs created by the large format retailers may be more or less rewarding than the jobs that are lost. The jobs offered by the new format retailers may be low-wage, part-time, and include no benefits. On the other hand, these multinational retailers may bring progressive human resources practices to an antiquated market place. Thus, the issue of the quality of

employment generated by the new format retailer in terms of wage level, job permanence, full time-part time status, benefits and training is an important one and warrants further research.

Market efficiency and impact on competitive market structure

Conflicting views exist as to whether the entry of a large format retailer renders the market more efficient. One point of view is that the new format retailers stimulate competition, promote market productivity and aid in the evolution of the market. A professional planner was of the view that, when a new retailer enters the market, it "stimulates innovation, entrepreneurship and operating efficiency ... and provides the consumer with an ever changing array of shopping environments and selection of goods and services at competitive price levels."

The opposite view on market efficiency is that the entry of a new format retailer leads to a "lost level of service". A loss in the level of service occurs when the neighbourhood malls or the independent retail stores selling milk, drugs or hardware close because of the new format entrant. Subramanian and Marquardt (1995) characterised this effect as "imperfect competition [and thereby a case of] market failure." They suggested that the closure of a corner store affects the immediate neighbourhood in terms of fewer choices, less convenience, and diminished personal service. It is in this sense that the consumer experiences a loss in the level of service.

The former township of Kingston responded to this possibility through their official plan, which ensured the economic health of each of the four elements in the "commercial hierarchy" – the core area, the "loop", the specialty districts, and the neighbourhood centers. The aim in having a hierarchy is to be able to ensure that no one level erodes the planned function and that the economic health of all levels is maintained. However, big box retailers such as Wal-Mart, Costco etc., can sometimes "take over" the hierarchy because of their size, location, or the volume of merchandise sold. As an example, Rychilwsky (1996) cited a study wherein an Ontario Municipal Board notification stated that a 15 percent capture in market share by the new retailer would be deemed "detrimental to the retail hierarchy" of the community.

An interesting slant on market efficiency exists in the context of the fact that many small towns perceive the big box retailer as a stimulant to their economy. To capitalise on the rippled economic growth that follows the entry of a large format retailer, the municipal government in many cities makes provisions that favour the incoming retailer. Lang (1981), for instance, noted that the City of Corner Brook agreed to make various road improvements to meet the expected increase in traffic following the entry of the big box retailer. Further, the city also agreed to share some of the property costs with the developer. The consequence of this developer subsidisation is that the local independent retailers who eventually lose sales to the incoming retailer actually assist in their entry through tax dollars.

Implications for community stakeholders

An important implication for citizens, the community, and government is that a positive surge in economic activity follows the arrival of the large format retailer. Some businesses tend to get adversely affected, but a net positive impact, at least in the short time period covered in most studies, has been observed in terms of an increase in taxes, jobs and income.

However, the long-term impact for these communities is uncertain. Evidence pertaining to the impact of the large format retailer over a long-term period remains to be seen. For example, as a few large stores replace the more numerous but smaller independent stores, the implication of this concentration for the long-run competitive situation remains a conundrum. Competition between a Wal-Mart supercenter and a Costco warehouse club may not be as healthy as competition among a larger set of small competitors.

The large format retailers depend on large volumes in order to be viable, an absence of which causes these stores to self-destruct. Thus it can be reasoned that the location concerns in the case of big stores are likely to be prime. In other words, the trading areas of these big box retailers are likely to be well thought out with no overlap trade possibilities. It can be speculated that the large format economics would rule out a simultaneous existence of two or more large retailers, especially in smaller communities, on account of the simple fact that the smaller

communities may not be able to support more than one competing big box retailer. Further, with low cost operations being the trump card in case of all the big stores, there may not be a differential advantage, other than low prices, that a new incoming large format retailer may have in order to attract the customers. Since these large stores may not have any differentiating power among themselves, the entry of a second one may amount to a weak competitive move. This may be another reason why the large format retailers may not want to establish in the same small community. Therefore, they may create a situation of virtual monopoly and mount huge barriers to entry. Thus, an issue that deserves further consideration is whether the benefits of market stimulation outweigh the costs of creating barriers to entry.

Any decline in the CBD as a result of the entry of a large format retailer can be counteracted through the various downtown revitalisation programs. The marketing efforts can focus on bringing in people and commerce by organising seasonal events, farmers' markets, waterfront events and so on. It was brought up a few times during the interviews with our informants that the downtown merchants cater to a very different market from the large format retailers. There seems to be some truth in this general view, as has been indicated by the demographic profiles of the consumers who shop at the large format retailers. Thus, the downtown revitalisation efforts need be positioned to the appropriate segment of consumers.

Hallsworth and Worthington (2000) examined the issuance of local "loyalty cards" in the small UK town of Leominster as a reaction to gains made over the previous four years by a newly-opened 3,307 sq.m Safeway store. The short-term success of the Leominster scheme was judged to be a consequence of its novelty, the attractiveness of the town itself and the charismatic local personalities who gained national media attention in a "David and Goliath" saga. From a long-term perspective, the more sophisticated versions of loyalty cards would require resources affordable only by the larger municipalities. However, the dominance of the chain stores (multiples) in these retail markets would likely preclude widespread adoption.

Legislation at the municipal, state or federal level is the alternative to community-initiated

activities and a number of authors have commented on this approach. Cliquet (2000) discussed various attempts by the French government to regulate growth of the large format retailers in response to demands of small shopkeepers. He concluded that the regulations appeared to hurt the variety stores and not the hypermarkets, other than in the short term. Belgium and Spain have similar federal regulations, whereas Italy has them at the community level. Hahn's (2000) opinion was that most European laws are not as rigid as they are in Germany where regional planning is very strong. However, European laws are typically stronger than those in the USA.

Stakeholder: nearby markets

Economic decline in nearby markets

The nearby communities have in terms of the economic decline directly felt the impact of the large format retailer. Smaller cities that do not have large stores or shopping malls tend to lose a significant amount of sales to other cities with large format retailers or large malls. Thus, while the existence of a large format retailer fortresses the leakage of sales dollars from its own community, at the same time it creates a leakage of dollars from other adjoining communities.

The adjoining small communities not only experience a decline in sales, but also face a decline in property values in their central business district. This further leads to a decline in the property tax revenues in those communities. Other effects include a rise in unemployment and a loss of substantial sales tax revenue to the community with the large format retailer. Consequently, the resources with the community's municipal government for city's development dry up and this reduces the ability of the government to initiate the various development projects, such as construction of roads, downtown revitalisation etc. Thus, a downward spiral sets in which becomes increasingly difficult to curb or reverse.

Stone (1995) found that the sales growth in certain communities was experienced at the expense of the adjoining communities. In his analysis of towns with a population below 30,000, he compared 17 towns without Wal-Mart stores with 34 towns with Wal-Mart stores five years after initial entry. With the

exception of grocery stores, sales in towns without Wal-Mart declined across all store sectors ranging from 8 percent for eating and drinking joints to 21 percent for building materials. Towns within a 20-miles radius of a Wal-Mart store experienced cumulative net sales reductions of 25 percent. Similarly, Davidson and Rummel (2000) found that all retail categories in Wal-Mart neighbour towns, with the exception of food stores, suffered decreased sales levels in at least one of four years after Wal-Mart's arrival in a nearby town.

Implications of impacts on nearby communities

The consistent, negative impact observed on the nearby communities is a matter of concern for all stakeholders. The sales gained at the expense of competitors are a fact of retail life, especially when the competitor is another large retail chain. However, when the sales lead to the closing of the small, independent retailers and a decline in the CBD of the nearby communities, the retailer retards the ability of the nearby community to support itself.

The large format retailer has a responsibility not only towards the market of entry but also towards all the communities that lie within its trading radius. A socially responsible large retailer would want to institute its community-based projects in, and give charitable donations to, these nearby towns and villages along with the market of entry. For example, Wal-Mart often identifies specific local charities to support in the local community. Similarly, Home Depot has a large "philanthropic budget" and also conducts clinics in its store on do-it-yourself projects. As a way to contribute to the adjoining communities, the workshops could be conducted in the town hall belonging to these adjoining municipalities. Alternatively, these nearby communities can be made a part of the Home Depot's "in-kind" donation, wherein the company helps the community to build ramps for the disabled, renovates parts of the city hall or helps in the construction of parks.

Conclusions and discussion

The aim of the present paper was to set in motion a reflective exercise that would arrive at some conclusions about the impacts of

large format retailers. These conclusions are crucial as they can guide the efforts needed to make the transition towards this new retail format. What should the communities, governments and the big box retailer itself do, knowing that its entry creates a series of effects in the market of entry and in the adjoining communities? The challenge is to foresee and deal with the long-term irreversible changes being engendered by the new format retailers. The paper is directed at making the "big box retail phenomenon" an informed change. To summarise, the effects associated with the entry of a large format retailer include:

- Inherent consumer benefits.
- Patronage by different demographic segments.
- Changes in the relative importance of store choice attributes.
- Rapid market penetration.
- Decline in the sales of competing local retail stores.
- Growth and decline in various commercial sectors.
- Economic growth in the market of entry.
- A potential for decline of the downtown central business district.
- Job creation and losses.
- Changes in job quality.
- Changes to market efficiency and competitive market structure.
- Economic decline in nearby markets.

Future research

The present paper raised a number of important issues. Some of the issues that deserve further exploration are as follows:

- Are large format retailers vulnerable to the ageing of baby boomer age cohort? As the large baby boomer age cohort moves into their 50s and 60s, it might be useful to keep track of whether they continue to patronise the large format retailers.
- Do the large format retailers create a primary demand for their offerings or do they simply take sales from other retailers and other markets? Sales comparisons could be made between the market of entry of the large format retailer and the markets adjoining the "market of entry" of the large format retailer. Further, the measures of sales could be taken before and after its entry in these two sets of

communities. For example, in the case of the home improvements market, measures could be made of the do-it-yourself activity before and after a Home Depot's entry.

- Do the benefits of market stimulation outweigh the "lost level of service" due to the closure of local stores? How can market efficiency be justified when it ultimately creates the barriers to entry? Several facets of the market efficiency question deserve further consideration. The net changes in level of service are of interest. It might also be interesting to study the amount of developer subsidisation that might have occurred.
- What is the "quality" of work at the large format retailers in terms of wage and benefit levels, job permanency/security, full-time/part-time status and training? Tracking employment statistics in communities over time would determine whether or not a net gain occurs in terms of the number of jobs.
- A final issue concerns the tendency among some large format retailers to close an existing store and open a new, much larger store in a nearby market with the aim of obtaining a greater trading area. Since these cases generate negative publicity and much ill will, it might be useful to document how often this effect might have occurred.

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...ekonomi dan politik. Jadi reformasi birokrasi lebih kompleks dan pelik daripada reformasi organisasi bisnis.

11. Seperti yang telah diuraikan di muka, keberhasilan masyarakat menguat karena: 1) liberalisasi pasar pada tingkat global, 2) kemajuan yang pesat pada teknologi informasi, dan 3) keberhasilan pembangunan. Deregulasi ekonomi dan deetatisasi birokrasi yang tengah dilakukan oleh Pemerintah, serta reformasi yang

disarankan oleh penulis juga telah dan akan berdampak pada menguatnya keberdayaan masyarakat. Jika perkembangan ini tidak segera diikuti dengan penyesuaian struktural pada kehidupan politik, maka bisa diramalkan akan terjadinya stagnasi dan bahkan letupan-letupan yang disebabkan oleh kefrustasian masyarakat karena keberdayaannya yang telah menguat tidak memperoleh penyakuran.

Jakarta, 13 Desember 1995

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KONSEP PEMASARAN YANG BERORIENTASI PADA STAKEHOLDER YANG BERHUBUNGAN DENGAN BISNIS RETAIL

Basu Swastha Dhammasta*)

ABSTRAK

Tujuan yang paling penting dalam setiap bisnis adalah mengidentifikasi dan memuaskan konsumen, sehingga pemasaran menjadi sentral bagi perusahaan, dan eksekutif harus memahami peranannya dalam organisasi. Konsep Pemasaran Strategik yang membawa perusahaan berorientasi pada konsumen sekaligus berorientasi pada pesaing, menjadi filosofi yang sesuai untuk diterapkan dalam pemasaran pada umumnya, dan pemasaran retail pada khususnya. Pemahaman tentang elemen-elemen pokok dan kecenderungan dalam lingkungan pemasaran retail adalah sangat penting bagi pelaku bisnis retail. Diantara stakeholder utama yang menjadi fokus pembahasan disini adalah pelanggan dan pesaing.

PENDAHULUAN

Kondisi bisnis retail di Indonesia saat ini terlihat semakin marak dan telah mengalami perkembangan yang sangat pesat dalam satu dekade terakhir. Format-format retail baru, seperti pusat belanja (shopping mall) seperti Malioboro Mall, supermarket seperti Hero, dan superstore seperti Rimo, banyak bermunculan di kota-kota besar dan kota lainnya. Bahkan toko-toko berangkai seperti Matahari, dan franchise yang bermerek luar negeri seperti Kentucky Fried Chicken, McDonald, Donut Donkin, Circle K, dan Pizza Hutt, ikut menambah maraknya bisnis retail di Indonesia. Ini

menunjukkan bahwa persaingan internasional atau global sudah merambah bisnis retail dalam negeri.

Sebagian dari bentuk-bentuk bisnis retail seperti itu tidak hanya beroperasi secara lokal, tetapi sudah berkembang secara nasional. Ada juga bisnis retail, disebut *megamall* (Burstiner, 1991), yang menerapkan prinsip "one-stop shopping" yang dilengkapi kompleks hiburan seperti bioskop dan mesin-mesin permainan. Perkembangan ini menandakan bahwa peluang bisnis di bidang retail cukup besar, dan masih akan cukup

*) Penyaji adalah Ketua Jurusan Manajemen, Deputy Direktur Program Magister Manajemen Universitas Gajah Mada, Ketua Team Pengembangan STIE Widya Wiwaha Yogyakarta. Ia memperoleh gelar SE (Ekonomi Perusahaan, 1976) dari UGM; MBA (Finance and Marketing, 1984) dari Northwestern State University of Louisiana, USA; PhD (Marketing, 1992) dari University of Strathclyde, Scotland.

yang berorientasi pada konsumen dan pesaing dapat diterapkan untuk memanfaatkan peluang bisnis yang agar kemampulababan jangka panjang dapat tercapai.

LINGKUNGAN GLOBAL BISNIS RETAIL

Persaingan global dalam industri retail sudah terasa memberikan dampak pada pasar domestik. Banyak nama pengecer besar luar negeri yang sudah memasuki pasar dalam negeri, baik dalam bentuk franchise maupun joint venture. Kecenderungan yang sekarang tampak dalam persaingan global adalah bahwa perusahaan tidak berjalan sendiri, tetapi didukung dan mendapat bantuan aktif dari pemerintah dan lembaga keuangan seperti bank. Ketiga macam lembaga yang bekerjasama dalam memasuki persaingan global ini dinamakan *New Strategic Triad* (Jackson and Frgon, 1994). Konsep ini diturunkan dari konsep militer yang mencakup pesawat pembom strategis, peluru kendali balistik antar benua, dan kapal selam nuklir sebagai *strategic triad* selama era perang dingin untuk mencapai dominasi kekuatan dunia.

Pemerintah menyediakan infrastruktur, memberikan kebijakan perdagangan dan perpajakan untuk menciptakan lingkungan sedemikian rupa agar perusahaan-perusahaan dapat bersaing secara global dan menguasai pasar dunia. Agar dukungan dan penciptaan iklim bisnis yang menguntungkan dari pemerintah dapat terlaksana dengan baik, perusahaan-perusahaan juga dituntut untuk menawarkan produk yang berkualitas dengan harga kompetitif yang dapat bersaing di pasar dunia. Sedangkan lembaga-lembaga keuangan dituntut untuk menyediakan dana investasi jangka panjang, penyertaan modal, dan kredit untuk pembelian modal.

Upaya untuk menjangkau pasar global perlu ditumbuh-kembangkan pada perusahaan-perusahaan retail Indonesia. Globalisasi melibatkan pelaksanaan bisnis di seluruh dunia

dalam suatu cara yang baru, menerapkan keseimbangan antara kualitas produk secara global dengan kebutuhan yang unik dari basis-basis pelanggan lokal (Daniels and Daniels, 1993). Hal ini tentu saja memerlukan perhatian pada batas-batas budaya atau multikultural. Manajemen multikultural yang melibatkan penggunaan sumber daya manusia dari bangsa manapun di dunia dapat diterapkan untuk melayani pelanggan global.

Jika kita masuk ke sebuah restoran makanan siap, seperti Texas Fried Chicken atau McDonald, pasti terasakan adanya "sentuhan asing" dalam pelayanannya, produknya, maupun suasananya. Aspek inilah yang pada umumnya ditonjolkan oleh bisnis semacam itu untuk merebut pasar domestik yang menyukai sentuhan asing, dan menjadi tantangan bagi perusahaan retail domestik, seperti Ayam Goreng S. hartii.

Sesuatu yang besar/mega sedang terjadi dalam bisnis retail. Pengecer berjangkaran besar dari luar negeri sudah memasuki pasar Indonesia. Yang semula merupakan nama toko, sekarang dijadikan merek global, seperti Mark & Spencer (toko serba ada dari Inggris) dan Toys "R" Us (toko mainan dari Amerika). Ini memungkinkan mereka menjual produk-produknya dengan merek sendiri dengan margin lebih besar, melindungi dari perang harga, dan memberikan pengaruh lebih besar pada pemasok (Rapoport and Martin, 1995). Pengerahan toko eceran ke pasar global memerlukan investasi yang sangat besar. Oleh karena itu penerapan *new strategic triad* secara kompak sangat diperlukan.

TREND BISNIS RETAIL ABAD 21 DI INDONESIA

Pengidentifikasi trend bisnis retail untuk masa mendatang agak bersifat spekulatif. Untuk melakukannya, penulis telah mencoba mengevaluasi trend yang ada saat ini dan kemudian mengadakan ekstrapolasi ke masa

depan. Tentunya perubahan-perubahan yang besar dapat terjadi. Yang jelas, pelaku bisnis retail yang sukses di masa mendatang adalah yang dapat mengantisipasi dan beradaptasi dengan perubahan lingkungan.

1. Peranan Teknologi

Pelayanan pelanggan telah menjadi fungsi yang penting dalam bisnis retail. Akan tetapi, apakah pelayanan pelanggan masih tetap akan menjadi fungsi yang penting di abad duapuluh satu ini? Dalam pelayanan pelanggan, petugas penjualan dituntut untuk memahami secara mendalam tentang satu lini produk atau jenis produk, dan memberikan pelayanan terbaik kepada pelanggan secara langsung. Saat ini masih terlihat secara dominan cara seperti itu dalam bisnis retail meskipun secara kuantitatif sudah berkurang.

Perkembangan teknologi telah menimbulkan perubahan-perubahan. Teknologi seperti belanja melalui katalog, televisi, komputer, dan mesin faksimili, serta munculnya perubahan-perubahan yang menawarkan overnight delivery telah merubah perilaku beli sebagian konsumen. Dengan bantuan teknologi seperti itu konsumen tidak perlu lagi datang ke tempat penjual untuk melakukan pembelian. Waktu juga akan banyak dihemat. Kecenderungan di masa mendatang masih paralel dengan kondisi seperti ini.

2. Peranan Wanita

Kondisi saat ini menunjukkan bahwa jumlah wanita karir semakin banyak. Wanita karir yang sibuk di luar rumah tidak memiliki waktu banyak untuk berbelanja. Mereka cenderung menggunakan cara berbelanja yang praktis dan hemat waktu. Jika harus datang ke tempat penjual untuk berbelanja karena dapat melihat langsung sajian barangnya, supermarket atau toko swalayan akan menjadi pilihannya. Banyaknya waktu yang dihemat sebagian besar

memilih barang. Fleksibilitas ~~dan~~ pilihan adalah semakin ~~dan~~ tanpa menggantungkan pelayanan ~~dan~~ tugas penjualan. Dalam pembelian ~~dan~~ mereka cenderung memilih makanan ~~dan~~ untuk menghindari kegiatan masak ~~dan~~ dianggap merepotkan. Keadaan seperti ~~dan~~ akan berlanjut di masa mendatang.

3. Peranan Faktor Sosioekonomi

Sebagian kota-kota di Indonesia, khususnya Jakarta, sudah ~~dan~~ tingginya kadar polusi, kemacetan lalu lintas, dan kriminalitas. Golongan ~~dan~~ kelas menengah keatas semakin ~~dan~~ yang menghendaki kehidupan yang ~~dan~~ hidup alami, dan perhatian pada ~~dan~~ yang mengandung kolesterol tinggi. ~~dan~~ pengawet dan sejenisnya, gula ~~dan~~ cenderung dihindari. Sayur, buah ~~dan~~ disukai daripada daging.

Besar rumah tangga ~~dan~~ mengalami perubahan. Jumlah rata-rata ~~dan~~ rumah tangga tahun 70an ~~dan~~ 6 orang, menjelang tahun 90an ~~dan~~ sekitar 4 orang. Volume kebutuhan ~~dan~~ untuk memenuhi seluruh rumah ~~dan~~ menjadi berkurang.

Kondisi perekonomian Indonesia di masa mendatang diperkirakan ~~dan~~ mengalami hambatan dalam pertumbuhannya. Beberapa pakar memperkirakan ~~dan~~ ekonomi sebesar 7%. Akan tetapi, ~~dan~~ biaya tinggi di sebagian sektor bisnis ~~dan~~ tetap menjadi hambatan. Tingginya ~~dan~~ juga dapat menghambat perluasan ~~dan~~.

Dewasa ini, ~~dan~~ konsumerisme cukup menonjol. Praktek ~~dan~~ bisnis yang merugikan konsumen ~~dan~~ terjadi. Di saat menjelang Lebaran, ~~dan~~ tersebut menjadi semakin banyak ~~dan~~ dapat perhatian,

1. Pengidentifikasi peluang pemasaran sebagai basis untuk perencanaan pemasaran.
2. Peranan pemasaran dalam pengembangan produk.
3. Peranan jangka panjang dan lebih luas dalam menentukan tindakan untuk mencapai pertumbuhan.

Dengan menambahkan orientasi pesaing, Konsep Pemasaran Strategik dapat dianggap lebih sempurna dibanding Konsep Pemasaran, dan akan menjadi perhatian utama bagi para pemasar di masa mendatang.

ORIENTASI PESAING

Pemenuhan kebutuhan pelanggan saja, meskipun sudah dilakukan secara maksimal, dipandang belum memadai untuk mencapai keberhasilan bisnis tanpa memperhatikan aspek persaingan. Orientasi pesaing akan sangat dirasakan oleh perusahaan retail apabila:

1. Produk-produk yang ditawarkan dalam industri itu relatif bersifat "undifferentiated".
2. Kondisi bisnis agak lesu, seperti yang dialami oleh bisnis retail pakaian jadi di Yogyakarta tahun 1994.
3. Semakin banyak perusahaan melakukan akuisisi untuk mengejar pertumbuhan dan kenaikan penghasilan dalam jangka pendek, meskipun sebagian kembali ke bisnis intinya semula karena kurangnya kepiawaian pemasaran dalam bisnis baru.

Kondisi tersebut mendorong semakin perlunya mencari keunggulan atas pesaing untuk mencapai laba. Beberapa cara yang dapat disarankan untuk mendapatkan keunggulan dalam persaingan bagi perusahaan retail adalah:

1. Menekan biaya dengan meningkatkan produktivitas atau
2. Memanfaatkan teknologi yang lebih maju, seperti swalayan dan perbankan retail dengan mesin pelayanan otomatis, untuk menciptakan superioritas produk atau pelayanan, atau
3. Menawarkan satu kategori produk yang spesifik dengan keragaman yang sangat luas, disebut dengan istilah *category killer* (Cappo, 1990).

Kenyataan memperlihatkan bahwa kebanyakan perusahaan retail memberikan reaksi secara laah apabila pesaing melakukan aksi dalam persaingan. Satu perusahaan menawarkan potongan harga, yang lain ikut memberikan potongan harga kepada konsumen. Penerapan orientasi pesaing memerlukan cara proaktif, yaitu menganalisis kekuatan dan kelemahan pesaing serta mengantisipasi tanggapan pesaing terhadap tindakan perusahaan sebelum suatu alternatif strategik tertentu diputuskan. Kegagalan akan terjadi, misalnya, pada sebuah perusahaan retail kecil yang menawarkan produk dengan harga murah untuk menyaingi perusahaan retail besar yang dengan mudah dapat menurunkan harga dan tetap memperoleh margin yang layak.

Dalam pelaksanaannya, orientasi pesaing bukannya menggantikan orientasi konsumen, tetapi justru memperkuat. Dengan kata lain, apabila kondisi pasar semakin kompetitif, maka orientasi untuk memuaskan kebutuhan konsumen juga menjadi semakin penting. Jika orientasi pesaing tidak dilakukan, perusahaan mungkin masih dapat memuaskan kebutuhan konsumen, tetapi harus menanggung rugi. Orientasi pesaing dimaksudkan untuk mempertahankan keunggulan kompetitif agar kemampuan jangka panjang dapat terjamin.

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knusunya menyangkut makanan kedaluwarsa atau tidak layak makan. Protes dari masyarakat dan peringatan dari Yayasan Lembaga Konsumen merupakan akibat yang muncul dari praktek-praktek bisnis yang merugikan konsumen. Perusahaan-perusahaan retail perlu memberikan perhatian yang lebih besar tentang masalah ini.

4. Peranan Faktor Demografi

Dari segi demografis, jumlah penduduk tetap akan meningkat, perceraian meningkat, rumah tangga baru semakin banyak, urbanisasi meningkat, pergeseran geografi akan terjadi seperti pelebaran kota, jumlah konsumen terdidik semakin besar, dan daya beli konsumen meningkat. Faktor-faktor tersebut akan berpengaruh pada bisnis retail.

5. Peranan Faktor Hukum

Pemerintah telah memberikan perhatian pada pembinaan perusahaan-perusahaan kecil dan koperasi. Sudah dirasakan pula pentingnya peraturan, yang selama ini belum ada, yang ditujukan untuk melindungi mereka dari ancaman persaingan bisnis besar dengan ekonomi skala yang besar.

6. Trend Bisnis Retail Masa Depan

Menurut pengamatan berdasar kondisi diatas, pengecer-pengecer besar nampaknya memiliki peluang yang cukup besar karena kemampuannya beradaptasi dengan perubahan lingkungan. Pemanfaat teknologi maju akan sangat membantu dalam perencanaan maupun pelaksanaan strategi pemasarannya dengan tingkat kinerja yang lebih tinggi.

Berbagai hal menyangkut bisnis retail di Indonesia yang mungkin dapat diidentifikasi sebagai berikut:

- 1). Pengecer besar akan melakukan integrasi vertikal untuk menjamin sumber pasokan.

- 2). Pengecer besar akan terus mengadakan ekspansi dengan cara memperbesar volume bisnis dan menambah toko di daerah lain, bahkan mendirikan atau membeli usaha baru di luar bisnis retail sehingga menciptakan konglomerat baru.

- 3). Bisnis retail dalam bentuk franchising dengan merek luar negeri semakin berkembang.

- 4). Di kota besar, pengecer besar cenderung menempatkan usahanya di lokasi tepian kota dalam bentuk kelompok toko, sedang di kota kecil dan menengah masih terakumulasi di lokasi pusat kota.

- 5). Lebih banyak muncul specialty store besar yang mengkhususkan pada kategori atau sub-kategori produk tertentu, seperti komputer dan interior.

- 6). Lebih banyak muncul shopping mall mewah dengan fasilitas umum yang lengkap, seperti telepon, toilet, eskalator, pendingin udara, musik dan informasi sentral, serta tempat parkir yang luas.

- 7). Lebih banyak muncul factory outlet, seperti pabrik roti mini yang menyatu dengan tokonya; mereka menonjolkan slogan "fresh from the oven".

- 8). Lebih banyak muncul cara belanja dengan katalog; konsumen dapat membeli segala macam barang yang ditawarkan dalam katalog yang memperlihatkan bentuk, atribut, harga, dan keterangan lain dalam tata warna yang indah.

- 9). Lebih banyak muncul bisnis retail berangkai, seperti Matahari, restoran ayam goreng Suharti.

- 10). Lebih banyak muncul supermarket dan toko swalayan.

- 11). Lebih banyak muncul bisnis retail dengan merek luar negeri, seperti Benetton, Bally, Calvin Klein, dan Seven-Eleven.

Stakeholder merupakan individu atau kelompok dipengaruhi oleh kebijakan dan tindakan perusahaan (Frederick, Post, and Davis, 1992). Stakeholder utama bagi sebuah perusahaan pada umumnya adalah investor, karyawan, pelanggan, dan pesaing, meskipun masih ada yang lain seperti pemerintah, masyarakat sekitar, lembaga keuangan dan sebagainya. Demikian pula halnya pada perusahaan retail. Dalam makalah ini, fokusnya lebih ditujukan pada pelanggan dan pesaing karena akan langsung terkait dan menjadi orientasi dalam penerapan filosofi pemasaran untuk mencapai keberhasilan.

KONSEP PEMASARAN SEBAGAI FILOSOFI DALAM PEMASARAN

Seperti pada perusahaan-perusahaan pada umumnya, perusahaan yang bergerak dalam bidang retail perlu memiliki filosofi dalam pemasarannya. Filosofi yang banyak dianut untuk kondisi saat ini adalah yang *berorientasi pada pelanggan*. Orientasi pada pelanggan ini dikenal dengan istilah *Konsep Pemasaran* (McGee and Spiro, 1988). Semua kegiatan berpusat di sekitar pelanggan termasuk karakteristik, kebutuhan, dan kesukaan. Dengan kata lain, semua strategi pemasaran harus didasarkan pada kebutuhan pelanggan yang sudah diketahui. Untuk mengangkat Konsep Pemasaran tersebut perusahaan perlu melakukan riset, mengkoordinasikan semua fungsi dalam perusahaan, dan memberikan pemahaman dan penghayatan kepada petugas penjualan atau petugas di bagian depan bahwa konsumen adalah raja (Houston, 1986).

Pengecer yang dalam prakteknya berhadapan langsung dengan konsumen mendapatkan pilihan untuk mengadopsi Konsep Pemasaran sebagai filosofinya. Dengan memenuhi dan memuaskan kebutuhan konsumen, mereka diharapkan dapat berkembang.

FILOSOFI MASA DEPAN

Dalam Konsep Pemasaran konsumen menjadi perhatian utama nampak memadai sebagai bagian perkembangan strategi pemasaran - sudah dirasakan bahwa ada sesuatu yang kurang dalam menghadapi kondisi saat ini. Mungkin sebuah perusahaan menerapkan orientasi konsumen seperti melakukan riset pemasaran canggih, mempunyai kapasitas dalam pengembangan produk dan produknya sudah diposisikan pada pelanggan dan diarahkan ke segmen yang tepat, tetapi tetap tidak dapat bersaing dengan pesaing yang lebih unggul. Oleh Porter (1980) disebutkan keunggulan kompetitif yang berkelanjutan (sustainable competitive advantage) perusahaan tetap memenuhi kebutuhan pelanggan sambil mempertahankan keunggulan atas pesaing, misalnya menawarkan keunikan produk dengan biaya yang lebih rendah.

Dengan demikian faktor-faktor tersebut perlu dipertimbangkan, dan faktor-faktor tersebut dapat memberikan pengaruh yang signifikan untuk berhasil atau tidaknya strategi pemasaran. Oleh karena itu kekuatan dan kelemahan pesaing perlu dievaluasi dan pendekatan yang sistematis diperlukan untuk menghadapi kondisi *hypercompetition* yang semakin ketat. Persaingan selalu mengalami perubahan yang terjadi dalam lingkungan yang semakin pendek (D'Aveni and McElreath, 1997). Jadi, disamping orientasi konsumen, pesaing juga perlu dilakukannya pendekatan yang mencakup kedua macam orientasi konsumen dan orientasi pesaing dinamakan *Konsep Pemasaran* (Assael, 1993). Konsep Pemasaran menekankan pada: