ROLE OF RETAILERS IN SHAPING A FIRM'S STRATEGIC DIRECTION

BY

PETER MUGO

D/80/8327/2004

A CONCEPTUAL INDEPENDENT STUDY PAPER SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

DECEMBER 2009

DECLARATION

I hereby declare that the work contained in this independent conceptual study paper is my own original work and has not previously in its entirety on in partial been submitted or planned to be submitted at any other university for a degree. All references cited in the text have been duly acknowledged.

.... Date. \ X, I zOcf^l

Peter Mugo

(Reg. No. D/80/P/8327/2004)

.... **Date**

Prof. Peter K'Obonyo

Supervisor

TABLE OF CONTENTS

ABSTRACT

The article traces the development of core competence as a key driver for competitive advantage. It also focuses on the role of retailers as the final link between consumers and manufacturers. Retailers add value to products by making it easier for manufactures to sell and consumers to buy. By bringing multitudes of manufacturers and consumers together at a single point, retailers make it possible for products to be sold, and, consequently, business to be done. Retailers also provide services that make it less risky and more fun to buy products.

In the field of retailing, it is evident that traditional strategies will not be adequate to cope with trends such as unprecedented customer diversity, market polarization and dominant mega-retailers. This paper explains what capabilities retailers will need to remain relevant to demanding customers. It also suggests how retail executives should begin preparing to embrace fundamental change and become truly customer-centric. To keep up, let alone take market leadership, retailers will need to break through today's organizational constraints to respond to customer needs with speed and agility.

Everyday newspapers display messages showing how the retailing world is brutally competitive. Even if a retailer is exceeding shopper expectations its management inust not rest. For those expectations are changing. As shoppers come to experience more retailers above the value line, their expectations - and the value line - will rise. Retailers once on the line will find themselves below it. Retailers once above the line may find themselves only on the line or even worse. They must therefore devise new ways of doing things as times change.

The failure to understand the mistakes of the past is causing many retailers not to commit sufficient resources to monitoring how changes in the demographic, technological, political, and economic environments have affected and will continue to affect their businesses and that of their suppliers. This paper seeks to address some of these changing trends in the retailing, consumer, and regulatory sectors and the impact of retailing on the competitiveness of manufacturers. In addition, the article examines how these current trends will affect retailing and product branding in the future.

CHAPTER ONE: INTRODUCTION

1.1 Meaning of Retail Management

Retailing consists of the sale of goods or merchandise from a fixed location, such as a department store or kiosk, or by post, in small or individual lots for direct consumption by the purchaser. In commerce, a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy (Retail News Letter, 2002).

Shops may be on residential streets, shopping streets with few or no houses, or in a shopping center or mall, but are mostly found in the central business district. Online retailing, also known as e-commerce is the latest form of non-shop retailing (Alexander and Myers, 2000).

As society progresses technologically, there appears other retailers who vend services from service providers as is the case of mobile telephony services. In Kenya Safaricom has engaged many retailers known as dealers who vend their services; scratch cards for airtime, sending and receiving money through the phone using Mpesa service, and other customer care services such as replacement of lost SIM cards. This is because Safaricom admits that it cannot be feasible to open outlets in all the strategic locations of its market hence it finds these retailers very strategic in making its products available to its clients as, where and when they need them.

1.2 Types of Retail Ownership

Entrepreneurs have many forms of retail business ownership available to them. Each business model has its own list of pros and cons. Choosing a type of retail business to start will depend on why you want to own a business, as well as your lifestyle, family, personality, basic skills and much more. Here are a few of the main types of retail ownership and the advantages, disadvantages, and support system of each.

1.2.1 Independent Retailer

An independent retailer is one who builds business from the ground up; from the business planning stage to opening day, the independent retail owner does it all (Burt, 2003). The investor may hire consultants, staff and others to assist in the business endeavour. The opportunities here are endless.

1.2.2 Existing Retail Business

Someone who inherits or buys an existing business is taking ownership and responsibility of someone else's hard work. Here, the foundation has already been laid.

1.2.3 Franchise

Purchasing a franchise is buying the right to use a name, product, concept and business plan (Alexander and Quinn, 2002). The franchisee will receive a proven business model from an established business.

1.2.4 Dealership

Retailers may find the business model of a licensed dealership as a mix of franchise and independent retailer. The licensee has the right (sometimes this is exclusive) to sell a brand of products (Berry, 2002). Unlike a franchise, the dealer can sell a variety of brands with generally no fees to the licensor. Dealerships may or may not be identified as an authorized seller or by the company's trademark. This is mostly the form of retail network that sells Safaricom products.

1.2.5 Network Marketing

Multi-level marketing (MLM) or network marketing is a business model where the selling of products depends on the people in the network (Beverland, 2005). Not only is a product being sold, but other salespeople are being recruited to sell that same product or product line. It's probably not a type of business one would initially consider when discussing retail businesses.

CHAPTER TWO: STRATEGIC ROLE OF THE RETAILER

2.1 Strategic and Retail Management

There has been an upsurge of discussion of issues around retail competition, retailer power and the relationships which exist between retailers and suppliers. Of more importance than price comparison exercises are the rigorous applications of economic analysis that have been applied to the issues around competitive relationships among different participants in the demand chain. Some schools of thought are of the opinion that manufacturers should always consider retailers in their strategic planning (Ghosh et al, 2004), while others feel that manufacturers should only consider retailers as business customers who buys the end product supplied (Beverland, 2005). There is often, therefore, an implicit assumption that products are made by manufacturers and are then sold, ultimately, to final consumers. However, consumers buy more than simply the manufactured product, and also the strategic decisions on what to make are not necessarily made by the manufacturer. Certainly what consumers buy is not made exclusively by a manufacturer (Keller and Lehmann, 2002). Manufacturers, in some cases, become contracted production agents of components to be assembled by retailers who are closer to the consumer. The retailer assembles components and adds their own components to create the "service" purchased by the consumer. The nature of the "service", from the consumer perspective, may change very quickly as key components provided by the retailer change, for example as the length of the queue at the pay point changes. The consumer purchases a "service" which includes components from a manufacturer and from a retailer. The two groups co-operate, therefore, in the creation of the "service", which is purchased, but with the retailer "manufacturing" the "service". This makes the retailer a key participant in the supply chain that needs to be managed properly.

The differences in the traditional perspective of manufacturer making and retailer selling and the newer perspective of the retailer being the effective manufacturer revolves around the relative responsibilities for ensuring that the final offer to the consumer fits with the needs of the consumer. Responsibilities of the various groups in the economic system have changed considerably in kind and quantity (Keller and Lehmann, 2002). The balance among these responsibilities also has changed as we have moved into a period of growing affluence, wider consumer choice, different criteria of consumer satisfaction, faster IT systems, new technologies and new ideas of effective management. The retailer now takes more responsibility for ensuring consumer satisfaction; other organizations in the demand chain have less responsibility. Thus, the retailer seeks to procure components of a service and then assembles that service, and creates the experience, in a manner which the consumer wants. Formerly the retailer often acted as the intermediary, between manufacturer and consumer, for manufacturer determined products which the manufacturer believed the consumer wanted. The retailer therefore determines the competitiveness of the manufacturer's brand (Anselmi, 2000).

This paper responds to the challenge of better articulating how a manufacturer's brand can be provided with competitive advantage by some value added by the retailers. A poorly managed reseller relationship can undermine the value of a manufacturer's brand (Bloom and Perry, 2001). For example a reseller's decision such as the display of a brand in store may affect a manufacturer's brand equity (Ghosh et al, 2004). Furthermore, a reseller could introduce a private label brand to compete alongside the manufacturer's brand (Anselmi, 2000). The value of a brand to the end-customer is a joint result of manufacturer and retailer decision-making (Bloom and Perry, 2001) and is best optimized through a partnership. Retailers and manufacturers seek channel partners with strong market power to achieve their respective strategic goals (Keller and Lehmann, 2002). Resellers Endeavour to maintain profitability in the face of consumer demand for better value through larger ranges, larger store formats, competitive pricing and private label brands. However, the reality of retailing is that it involves a network of manufacturers, resellers and end-customers (Beverland, 2005). Thus, resellers deal with many manufacturers and these manufacturers also supply a reseller's competitors (Bloom and Perry, 2001). Within the network, the brand is a resource tie that links manufacturers and resellers together to serve the end-customer (Anselmi, 2000). Beverland (2005) coined the term "marketplace equity" to describe how these resource ties (brand, channel and reseller equity) link manufacturers, resellers and end-customers together.

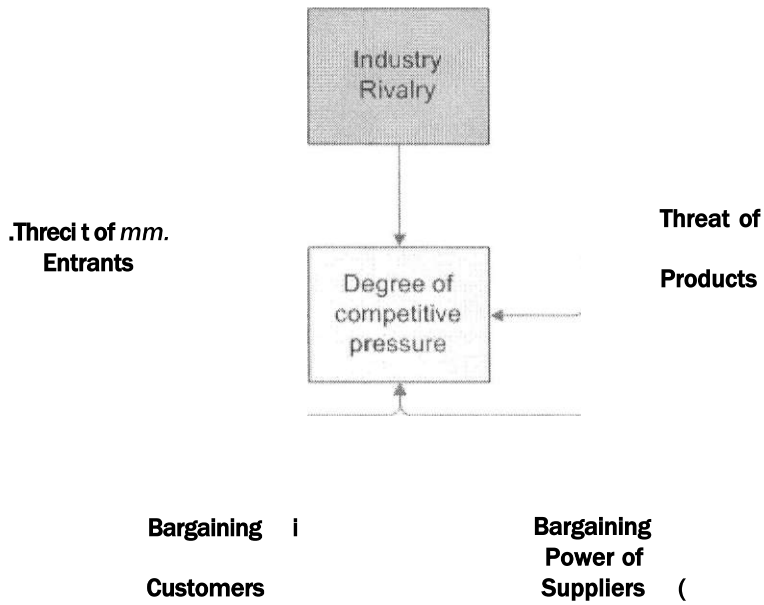
Manufacturers are concerned with the strategic value of brands and recognize that good relationships with resellers are necessary in realizing the value of the product offering (Anselmi, 2000). The next implication from this study is that these "sources of brand benefits" influence the relationship outcomes for resellers. These brand benefits can enhance a reseller's satisfaction, trust and commitment to the brand. Within this interdependent relationship, resellers also need to cooperate with manufacturers to realize these benefits. By focusing on these brand benefits to resellers, manufacturers can enhance a buyer-seller relationship and use their market-based assets to obtain a competitive advantage. As the final link between consumers and manufacturers, retailers are a vital part of the business world. The Retail News Letter (2002) indicated that retailers add value to products by making it easier for manufactures to sell and consumers to buy. It would be very costly and time consuming for a consumer to locate, contact and make a purchase from the manufacturer every time he wanted to buy a candy bar, a sweater or a bar of soap (Keller and Lehmann, 2002). Similarly, it would be very costly for the manufactures of these products to locate and distribute them to consumers individually.

By bringing multitudes of manufacturers and consumers together at a single point, retailers make it possible for products to be sold, and, consequently, business to be done. The Retail News Letter (2002) also indicated that retailers also provide services that make it less risky and more fun to buy products. They have salespeople on hand who can answer questions, may offer credit, and display products so that consumers know what is available and can see it before buying. In addition, retailers may provide many extra services, from personal shopping to gift wrapping to delivery, that increase the value of products and services to consumers. According to the National Retail Federation, more jobs are provided in retailing than the entire U.S. manufacturing sector as indicated by Pfeffer (2001).

2.1 Retailers and Their Effect on Porter's 5 Forces

There is continuing interest in the study of the forces that impact on an organisation, particularly those that can be harnessed to provide competitive advantage. The ideas and models which emerged during the period from 1979 to the mid-1980s (Porter, 1998) were based on the idea that competitive advantage came from the ability to earn a return on investment that was better than the average for the industry sector (Richards, 1998).

Figure 2.1: Porters' Five Forces Model of Competition



Source: www.whatmakesagoodleader.com/Porters-five-forces.html

As Porter's 5 Forces analysis deals with factors outside an industry (macro environment) that influence the nature of competition within it and the forces inside the industry (microenvironment) that influence the way in which firms compete, a business has to understand the dynamics of its industries and markets in order to compete effectively in the marketplace. Porter (1980) defined the forces which drive competition, contending that the competitive environment is created by the interaction of five different forces acting on a business. In addition to rivalry among existing firms and the threat of new entrants into the market, there are also the forces of supplier power, the power of the buyers, and the threat of substitute products or services. Porter suggested that the intensity of competition is determined by the relative strengths of these forces.

2.1.1 Retailers and their effect on Degree of Rivalry

The intensity of rivalry, which is the most obvious of the five forces in an industry, helps determine the extent to which the value created by an industry will be dissipated through head-to-head competition (Mitchell, 2002). The most valuable contribution of Porter's "five forces" framework in this issue may be its suggestion that rivalry, while important, is only one of several forces that determine industry attractiveness. This force is located at the centre of the diagram and is most likely to be high in those industries where there is a threat of substitute products; and existing power of suppliers and buyers in the market. The traditional perspective of the interaction between retailers and suppliers is one of competition among the suppliers for shelf space that provided the retailers with opportunities to dictate supply conditions. This resulted in an environment where promotional and other marketing costs were loaded on to suppliers. This intense competition of shelf space in retail shops makes rivalry among manufacturers and suppliers to be intense as fighting for shelf space leads to attractive packaging, building alliances or dealerships that prohibit some outlets from stocking rival products or even paying retailers to display products in a strategic position in the retail store (Pfeffer and O'Reilly, 2000). Retail outlets therefore have made rivalry in various industries to be intense making the retailer critical to a manufacturer in dealing with rival suppliers.

2.1.2 Retailers and Their Effect on the Threat of Entry

Both potential and existing competitors influence average industry profitability. The threat of new entrants is usually based on the market entry barriers. They can take diverse forms and are used to prevent an influx of firms into an industry whenever profits, adjusted for the cost of capital, rise above zero. In contrast, entry barriers exist whenever it is difficult or not economically feasible for an outsider to replicate the incumbents' position (Porter, 1980). The most common forms of entry barriers, except intrinsic physical or legal obstacles, are: Economies of scale: for example, benefits associated with bulk purchasing; Cost of entry: for example, investment into technology; Distribution channels: for example, ease of access for competitors; Cost advantages not related to the size of the company: for example, contacts and expertise; Government legislations: for example, introduction of new laws might weaken company's competitive position. Distribution channels can act as a strong barrier to entry. Retailers are the most extensive distribution channels that take the product to the final consumer. Building strong alliances with retailers, having franchises or dealerships is a strong barrier to entry for other competitors in the market (Sweeney, 2002). A new entrant into an industry can find that having shelf space for its products is difficult where suppliers have built alliances with retail stores. Retailers therefore can provide a manufacturer or supplier with a barrier to entry for new entrants by entering into an alliance or agreement with the retailer not to stock products of new entrants. On the other hand, a retailer can reduce barriers to entry by making its shelves available for display of new products. This will lower the entry barriers and make existing manufacturers susceptible to new entrants.

2.1.3 Retailers and Their Effect on the Threat of Substitutes

The threat that substitute products pose to an industry's profitability depends on the relative price-to-performance ratios of the different types of products or services to which customers can turn to satisfy the same basic need. The threat of substitution is also affected by switching costs - that is, the costs in areas such as retraining, retooling and redesigning that are incurred when a customer switches to a different type of product or service (Underhill, 1999). It also involves: Product-for-product substitution which is based on the substitution of need; Generic substitution; and Substitution that relates to something that consumers can do without.

In addition, because retailers can discriminate between the products they offer, or become directly involved in the development and manufacture of the products; they have effectively become backwards-integrated into the supply chain to a much greater extent than supplying firms have been able to integrate forwards (Marjanen, 2000). The term integration is used in its widest context as it is clear that retailers have not taken over ownership of suppliers, but they have used extensive contracting and formalized relationships to control the nature and the flow of the products involved. Retailers can choose the products to stock and the ones not to since they have become very powerful and important in the supply chain (Smith and Sparks, 2000). They are final link between the product and consumers.

2.1.4 Retailers and Their Effect on Buyer Power

Buyer power is one of the two horizontal forces that influence the appropriation of the value created by an industry. The most important determinants of buyer power are the size and the concentration of customers (Smith and Sparks, 1997). Other factors are the extent to which the buyers are informed and the concentration or differentiation of the competitors. Kippenberger (1998) states that it is often useful to distinguish potential buyer power from the buyer's willingness or incentive to use that power, willingness that derives mainly from the "risk of failure" associated with a product's use. This force is relatively high where there a few, large players in the market, as it is the case with retailers and grocery stores; Present where there is a large number of undifferentiated, small suppliers, such as small farming businesses supplying large grocery companies; and Low cost of switching between supplier. Consumers prefer to find products in an array which is far wider than the range of the normal manufacturer (Vias, 2004). Thus, it is efficient and desirable from the consumers' point of view to have outlets which have a wide range of products and are not specialized. It is for this reason, and the consumer loyalty which they have built up, that retailers have established a position of strength.

The power of retailers has been mentioned as one of the major motives for strategic alliances between suppliers and retailers (Rugman, 2000). Multiple product retailers are a major force in the industry not only because of the scale of their operations but also because of the growing importance of "own label" and "sub-brand" products. Retailers have the major advantage of being closest to the final consumer (Slywotzky and Wise, 2002). Moreover, the development of electronic point-of-sale (EPoS) technology enables them to identify changes in the patterns of purchasing at an early stage and respond immediately. In their attempt to increase their control over the supply chain, retailers have effectively integrated backwards into manufacturing, distribution and procurement, with produce being increasingly sourced directly from farmers (Retail News Letter, 2002). This has made the retailers to be a perfect position to affect the competitiveness in any industry making manufacturers to ignore them at their own peril.

Mega retailers have also sought to increase their cross-border links through horizontal alliances (Sternquist, 1998). For example, the nine largest pan-European retail buying groups have a combined turnover of €520 billion, more than one third of the value of the European food market (Management Horizons Retailing, 2005). While these groups may offer benefits to manufacturers, in the form of improved market access and distribution, the scale of these groups is such that only the largest manufacturers will be able to negotiate on something approaching level terms. For example, AMS has an aggregate turnover slightly larger than the Unilever Group, 25 per cent larger than Nestle and four times larger than the major French firm BSN (Burt et al, 2002).

2.1.5 Retailers and Their Effect on Supplier Power

The analysis of supplier power typically focuses first on the relative size and concentration of suppliers relative to industry participants and second on the degree of differentiation in the inputs supplied. The ability to charge customers different prices in line with differences in the value created for each of those buyers usually indicates that the market is characterized by high supplier power and at the same time by low buyer power (Porter, 1998). Bargaining power of suppliers exists in the following situations: Where the switching costs are high; high power of brands; Possibility of forward integration of suppliers; and Fragmentation of customers with a limited bargaining power.

Retailers have affected the manufacturer or supplier power by increasing their size (Rugman, 2000). Today's superstores are so big with revenues larger than the biggest manufacturers which makes these retail firms to be in a position to dictate some conditions to supply firms thus eroding their power. They have become a key component in the supply chain that the failure of a chain store to stock a manufacturer's brand can erode manufacturer's revenues and competitiveness immensely (Home, 1993). Understanding the nature of the benefits that manufacturers obtain helps us to understand why, for example, manufacturers do not seek alternative means of presenting their products to consumers. Retailers clearly provide a service from which firms in the supply chain benefit (Home, 2002). Thus, while the preservation of countervailing market power remains one of the motives for horizontal alliances between firms in the supply chain, most firms recognize the need to co-ordinate their activities in order to meet the needs of the retailer and in so doing eroding their power.

Understanding the nature of each of these forces gives organizations the necessary insights to enable them to formulate the appropriate strategies to be successful in their market (Richards, 1998). The stronger the power of buyers and suppliers, and the stronger the threats of entry and substitution, the more intense competition is likely to be within the industry. With a clear understanding of where the retailer will provide an advantage to the organization, it will enable a company to take fair advantage of its strengths, improve weaknesses, and avoid taking wrong steps (Slywotzky and Wise, 2002).

2.1.6 The Supplier Impact on the Retailer

The supplier/manufacturer of any product has power over the retailer. This is more true when the supplier is big and the suppliers are small and fragmented; or when the supplier has a unique product in high demand. However, the supplier realizes that it cannot reach the final consumer without the assistance of the retailer and in most cases has incentives to encourage the retailers to continue carrying their products. Some suppliers offer promotional support, as a push strategy, to encourage retailers to carry their products. Suppliers give various incentives ranging from: sales support, ad/display materials, monetary support, and selling aid samples, information sharing is also one of the widely applied incentive mechanisms. Supply and demand is better coordinated especially when the consumer demand and retailer inventory information is shared with the manufacturers (Burt et al., 2002). Owing to nature of conflicting interests and information asymmetric, incentive alignment is another effective coordination mechanism. Incentives encourage information sharing and commitments to improve supply reliability (Drucker, 2002). Contribution to trade promotion and slotting allowances are other forms of incentives offered by manufacturers to ensure the allocation of retail shelf-space (Burt, 2003).

Promotional supports provided by manufacturers to retailers can be viewed as trade promotion. Research on trade promotion has been limited to price reduction (i.e. price-offs, price promotion) as a trade deal (Berry, 2002). It appears that the most common and wanted trade deal is price reduction. However, price promotion has been criticized as being ineffective and having many drawbacks (Collins, 2001). Other than price off deals, which seem ineffective or not very profitable in the long run, there are many other ways to increase promotional effects on consumers as well as attractiveness of trade deals. They include promotional allowances, provision of ad/display materials (e.g. fixture), and other sales supporting materials/activities (e.g. coupons).

Companies like Safaricom is known for its incentives to retailers by offering them opportunities in winning great prizes in a raffle by buying its products in big quantities (Neven and Reardon, 2004). This encourages the retailers to buy in bulk thus even making the retailer a more important cog in the supply chain. The retailers therefore engage in the hype thus increasing sales revenue of the supplier.

2.2 Components of Retail Management

Over the years, retailers have faced a number of challenges emanating from consumers, rules and regulations and from competition and technology. These challenges have forced retailers to engage in value adding activities that now have become part of day to day management (Mayo, 2001).

2.2.1 Branding for strategic flexibility

The best things in life are not things (Pine and Gilmore, 1999). The field of brands is huge. Kunde (2002), analyses particular cases and develops scenarios for brand development emphasizing the value of brands independently of the products to which they may be attached and their place in what he calls the "value economy". Jensen (1999) concentrates on the power of story as a component of branding. Selling a brand involves first and foremost telling a compelling story in a world which has shifted from the information age to the imagination age. The elements of compelling story-telling and narrative have been known for some time (Propp, 1927). Hunt backs up this approach, illustrating how a business with a story provides a framework within which a company can solve problems and find meaning (Hunt, 2001). The importance of "selling the brand inside" is explored further by Mitchell (2002). He postulates that the journey from the traditional product related brands such as Coca Cola, through diversifying with sub-brands or endorsed brands which can sometimes stretch the brand quite far, to a growing independence from product, represents a huge shift and a radically different organizational structure. Indeed, some brands can change radically over time as long as the story they tell is strong enough to survive.

The emphasis here is on retail as a brand rather than retailers selling brands. However, the characteristics of the branding process which are of interest to retailers are still the characteristics of the traditional product brands - they are simply extended to an intangible part of the business. What are the fundamental characteristics of a retail brand? Mitchell (2002) argued that retailers need to work in three dimensions: 1) Brand value-The retail brand has to embody and transmit clear values, both for the customer and for the employees; 2) A brand system or strategy will keep the brand and its value together; 3) The brand structure is what holds all the parts of a retail company together and integrates them into an overall brand proposal. At this level, the operations of the retailer are involved. Thus, marketing, distribution, administration, human resources, and sales are all working towards a common brand value and are held together by a common brand communication infrastructure. Klein (2000) also indicated that developing a brand, and in particular a powerful global brand, may also provoke resistance and can create a new kind of vulnerability which requires new management skills which are ultimately provided by retailers.

2.2.2 Management and Human Resource

Today's workers are more knowledgeable and will invest heavily to learn more in order to increase their salaries. Retailing has always been a people-intensive business. It is still the case, as even other industries are recognizing that "people are the key strategic resource, and strategy must be built on a human-resource foundation" (Bartlett and Ghoshal, 2002, p. 35). The same authors deplore what they call the deeply embedded bias toward financial assets, and call upon companies to "expand beyond strategy, structure and systems to a simultaneous focus on the company's purpose, process and people". In retailing, the question is particularly keen since it is a relatively low paid industry and therefore faces the challenge more acutely of "achieving extraordinary results with ordinary people" (Pfeffer and O'Reilly, 2000). The first challenge lies, therefore, in including people in the strategy matrix.

However, this does not mean simply focusing on the lonely leader and his role in defining the company. It involves, as several researchers are now arguing, recognizing that having a star at the helm is not necessarily the best way (Collins, 2001). Bossidy *and Charan (2002) observed that understated leaders* are better at generating teamwork and producing results. Furthermore, it is the one factor which contributes more than any other to those results is execution, or getting things done

The second challenge is the recognition that any organization consists of more than the sum of its parts. The trick is working out how to release that extra productivity and performance which come from the aggregation of individuals; the formal and informal networks which make up a social structure. The recent idea of the "war for talent" focuses entirely on star individuals rather than on the value of team building (Pfeffer, 2001). " Mayo (2001) argued that organizational architecture plays a crucial role in this. It is also important to develop the capacity to measure people performance both individually and collectively in a company in order to determine the "human value of the enterprise

Collins (2001) stated that retailing is people-intensive. The assets of retail companies consist in large part of the people employed, their experience, their knowledge, and their commitment to the brand. Selecting the best possible people, creating the best possible environment for work, and developing the capability of assessing the value of that setting should be the main emphasis of management. One of the competitive weaknesses of retail is the fact that new ideas or formats are immediately in the public eye and can be relatively easily imitated. Operational and cultural features take time to build, but confer a unique competitive advantage. In conclusion, as Zimmerman *et al.* (2004) have put it, the ability to align management systems and employee behaviour in ways that support strategy becomes an 'invisible asset' that is idiosyncratic to a company and not easily imitated by competitors.

2.2.3 Challenge of Sustainable Growth

It serves no purpose by looking for growth in all the wrong places. Growth has become the philosopher's stone of retailers, or at least is becoming increasingly difficult to achieve. Steady comparable sales gains often seem elusive (Slywotsky and Wise, 2002). Several options exist for achieving top line growth including expansion of existing business at home, internationalization of the existing business, the development of new formats, the development of new distribution channels, or a combination of several of these.

Most companies for whom growth is an urgent question have already achieved strength in their home market and face prospects of slowing growth with the same format. Wal-Mart has never been a particularly original player in terms of innovative formats. As Colla and Dupuis have remarked (Colla and Dupuis, 2002), the discount format was no different from Kmart (which started life as SS Kresge variety stores) or other discount stores which it gradually overtook such as Zayres and Korvettes. Thus innovative concepts have never been the reason for Wal-Mart's success. Rather, the business has relied on superb operations backed up by state-of-the-art technology which has allowed it to forge close partnerships with suppliers. Such technology involves substantial investments and therefore is itself dependent on consequent growth to amortize those investments (Loe and Ferrell, 2001). Speed, low costs and efficiency are crucial to the operation. These, can only be maximized with scale, reinforcing the growth imperative, and importantly dictating a fairly uniform type of operation across the business.

Economies of scale can be achieved more easily within a geographical region (Rugman, 2000). Internationalization is one obvious avenue of growth about which much has been written (Alexander and Myers, 2000; Sternquist, 1998). Conveniently, many of the unsuccessful attempts are forgotten, overshadowed as they usually are by the more newsworthy foreign moves of retail groups (Alexander and Quinn, 2002).

Another strategy for growth consists of the development of other retail channels, but, the risks of many retailers' strategies for growth are substantial. They involve considerable investments, stretching the brand, diverting attention from the core activities, or entering unknown markets. However, alternatives may exist. Slywotzky and Wise (2002) observed that attention has been turning to ways of leveraging hidden assets to increase revenues rather than waste resources addressing saturated markets.

2.2.4 Customer-Centred Retail Management

Customers have never developed anything, never ventured into new areas, and never invented any new products (Kunde, 2002). A recent hot focus of management theories has been customer-centredness. Retailers have undoubtedly made much progress in understanding their customers and restructuring their businesses accordingly. However, total customer-centredness sits uneasily with a full-blown brand strategy (Brown, 2001). What is perhaps more useful for retailers is a textured approach to customers such as that derived from the interpretive sociology tradition originating with Max Weber (Richards, 1988). Davidson *et al,* (2002) observed that the interpretive approach enjoins retailers to experience the retailing process from the customers' perspective and to understand the "customer's journey" making the retailer very important in guiding strategic direction of the manufacturer.

There is no doubt that, for retailers, customer-centredness has been relatively new and progressive. This according to Kunde (2002) has spawned a number of useful improvements. Amongst these could be listed a shift from a "push" strategy in supply chain management towards a "pull" strategy - one that is determined by the motto "buy what you sell rather than sell what you buy", as well as customer relationship management. Such a shift of approach has had to be supported by technology and software, including data warehousing or forecasting or price and size optimization and much more. However, it has to be admitted that there is a fundamental paradox in this trend when juxtaposed with the brand approach outlined above (Martinez and Madigan, 2001). Indeed, as the quote at the beginning of this section implies, the really successful, original ideas do not come from customers. Retailers are enjoined to "delight" and "surprise" customers. This will, however, not be accomplished by answering the needs they express.

CHAPTER THREE: REDEFINING RETAIL MANAGEMENT

Burt (2003) argued that in the field of retailing, traditional strategies will not be adequate to cope with trends such as unprecedented customer diversity, market polarization and dominant mega-retailers. This part explains what capabilities retailers will need to remain relevant to demanding customers. It also suggests how retail executives should begin preparing to embrace fundamental change and become truly customer-centric.

As the marketplace polarizes across a variety of dimensions, thinking needs to shift from "bell curves" - where firms try to serve a generic mass market but do not meet anyone's needs particularly well - to "well curves" - where companies drive growth by applying distinct business models in each part of their business to deliver the greatest value to explicitly defined groups of customers. Alexander and Myers (2000) predicted that in 2010, retailers will succeed to the extent that they abandon the undifferentiated middle and focus their organizations on serving the extremes of the demand curve, even if they play both sides By learning how the world of extremes scenario is being shaped by long-running social and industry trends which, when added together, will bring about fundamental changes in the retail market, business can anticipate what steps they must take now to prepare for survival and success in 2010 and beyond. These include: Craft an exceedingly focused, distinctive brand proposition; Drive customer-valued innovation through deeper insight; Optimize core activities through systematic intelligence and; Realign the organization to operationalize customer centricity (Alexander and Quinn, 2002). Today's market forces are shaping a global consumer marketplace that will look radically different in 2010 and beyond, forcing retailers to make profound changes to their practices and business models to survive. How should retail executives begin preparing?

3.1 The Emerging World of Extremes

Retailers will face a consumer marketplace defined by unprecedented social diversity, competitive intensity and market complexity (Research Alert, 2001). The paper calls the view of the future the "world of extremes" where the retailer is redefined. In this environment, customer diversity and individualism are pervasive, rendering traditional segmentation inadequate. Customers demand low prices for goods they view as commodities, yet are willing to pay sizable premiums for products that matter more to them personally. In response, the retail market effectively splits into two extremes, with huge mega-retail formats dominating one end of the spectrum and focused specialists dominating the other. Lost in the middle, Jones (2001) observed that undifferentiated retail concepts stagnate and fade into irrelevance.

The world of extremes is being shaped by long-running social and industry trends which, when added together, will bring about fundamental changes in the retail market. Five key "mega-trends" that are redrawing the rules for retailers were identified by Kunde (2002): customer value drivers fragment; customers become more guarded; information exposes all; mega-retailers break the boundaries; and partnering becomes pervasive.

3.1.1 Customer Value Drivers Fragment

Profound shifts in age, wealth, ethnicity/culture, life-stage patterns and value systems are making customers harder to define, categorize and reach as indicated in the Retail News Letter (2002). The traditionally "core" 25- to 55-year-old segment will significantly decline both in absolute numbers and as a share of the total population, creating a U-shaped population distribution curve. Retailers will have to compete fiercely for the increasingly important youth segment (those under age 25), as these customers will be much more aware of marketplace options and quick to embrace new trends or switch brands and companies

Across all age groups, long-standing life-stage patterns are becoming less predictable. People are marrying later, divorcing more, having second families, starting second or third careers and even raising their grandchildren. The Retail News Letter (2002) observed that these changes are causing unprecedented diversity in household composition. Such demographic changes are contributing to shifts in the decision patterns of individual shoppers, which are also growing more complex (Prahalad, 2001). Value-oriented buying, based on traditional cost-benefit trade-offs, is increasingly sharing the stage with a *values* orientation, where purchasing decisions are based on personal beliefs or self-expression.

Amid all this change, an important underlying trend is emerging. As they seek to express their identities, different customers are trading up and trading down within the same product category. In areas where shoppers perceive no unique value, they are trading down to mass-value products and retailers that offer "good enough" quality at rock-bottom prices (Byrom et al, 2003). In categories that matter more to them personally, customers are trading up to "new luxury" products and specialized retailers, paying significant premiums for offerings that satisfy their personal wants and needs. Meanwhile, companies caught in the middle with insufficient differentiation for either audience are experiencing major growth challenges.

Sternquist (1998) observed that with "mainstream" social norms and consumption patterns becoming increasingly rare, retailers must delve deeper to understand the wants, needs and purchasing drivers associated with ever-increasing numbers of customer segments. Even when their demographic profiles are similar, customers can be driven by very different motivations. By 2010, retailers will need to achieve a deeper level of customer insight if they are to maintain relevance to complex customers, drive meaningful innovation and sustain growth (Dawson, 2000).

3.1.2 The Changing Nature of Customers

Enabled by technology and regulation, time-strapped consumers are blocking out communications that are not demonstrably relevant to their particular needs and interests as observed by Cherkasova (2005). New technological tools for phones, Web browsers and televisions are already cutting the volume of marketing messages that make it through.

Companies will need to concentrate more on connecting with customers in ways and situations where their messages are most relevant. Retailers will need to identify the "moments of truth" when the customer is most open to being influenced, whether that's at home, leaving work, on the way to the mall or walking through the store (Underhill, 1999). How can retailers take advantage of this behavior to increase up-sell and cross-sell? Retailers will need to develop more creative approaches to generating and capturing demand at the point of purchase, in part by working more effectively with key suppliers.

At the same time, retailers must view trust in their brands as a precious, irreplaceable asset. Brown (2001) argued that as customers become more guarded, retailers will face a new urgency to understand the effectiveness of their marketing tactics and to evaluate them in terms of their contribution to lifetime customer value.

3.1.3 Implication of Information Technology

Customers are becoming "super shoppers," empowered by the ability to access information where, when and how they want it (Bartlett and Ghoshal. 2002). The Internet is fast becoming a standard part of the global shopping experience. As shoppers go online, they are using the Net as an important source of information about products and retailers for a growing breadth of buying decision (Zimmermann et al, 2004). The challenge for retailers is to harness interactive electronic media to engage the customer in a productive dialog.

The stakes will get even higher over the next decade, as widespread adoption of advanced wireless technologies gives shoppers constant access to ubiquitous information. Along with their increasingly complex value drivers, many customers will demand even more information from retailers (Beverland, 2005). The provenance of a product, its ingredients or components, and the history and practices of the companies that make them may all factor more heavily in purchasing decisions, requiring businesses to respond. Concerns over food safety and security, for example, could create greater need for retailers to integrate information flows with partners along the supply chain. Burt (2003) argued that in an increasingly complex world with increasingly complicated products, retailers that help customers gain the knowledge they need to make informed buying decisions will enjoy greater sales and customer loyalty.

Burt (2003) noted that information will not just flow from businesses to customers, but also the other way around and between customers themselves. He observed that internet is fast becoming a useful platform for large-scale collection and dissemination of customer opinion. In the end, this trend is a double-edged sword (Bossidy and Charan, 2002). On the one hand, retailers' competitive weaknesses will be laid bare, and they must proactively manage the heightened risk from negative perceptions about their company. On the other hand, they have the opportunity to serve information-hungry customers in innovative ways to reap the benefits of high customer satisfaction and positive word-of-mouth.

3.1.4 Mega-Retailers Making Competition Intense

A select group of major competitors are causing profound changes in the retail competitive landscape by exploiting a virtuous cycle that fuels continued growth in market share and profitability (Brown, 2001). These "mega-retailers" are aggressively expanding across stores, formats and categories, blurring the boundaries between traditional industry segments.

In addition, mega-retailers may emerge from other areas besides the "big box" stores. Cherkasova (2005) predicted that mega-retailers of all types will continue to drive the bar higher for the rest of the industry. As they provide customers with ever more value at lower cost, competitors will be forced to respond. We can expect to see the downfall of retailers that merely provide "reasonable value at reasonable prices" and little else (Burt, 2003). Such companies must find effective ways of differentiating themselves, prepare themselves for acquisition, or otherwise exit the business.

At the same time, Davidson et al (2004) noted that aspiring mega-retailers will face their own challenges: finding ways to keep growing in scale and across product categories and geographies - all without succumbing to excessive operating complexity. Simply being big is not enough; mega-retailers must continue to stay true to their brand values and seek ways of providing increased value to customers. They will need to differentiate effectively from one another and avoid backlash from customers and governments.

3.1.5 Partnering As a Competitive Strategy

Driven by escalating expectations from customers and stakeholders, Dychtwald and Gable (2001) observed that, leading retailers are rethinking their business models and searching for ways to become more agile, responsive and efficient. They are morphing their traditional, vertically-integrated value chains into more flexible "value networks" that allow them to deliver greater value to customers, with each company in the network contributing its own unique capabilities. Behind this restructuring are several critical enablers: universal connectivity, data and systems integration, open industry standards and process outsourcing to business specialists

Today, a wide range of partnering examples can already be found in the retail industry. Some companies are using partnerships to add to the customer value proposition, in some cases as a response to the mega-retailer threat. Davidson et al (2004) predicts that behind the scenes, retailers will continue to increase competitiveness and lower operating costs by outsourcing non-core activities such as IT and facilities management. But increasingly, they may also seek partners in areas traditionally considered core, such as customer data analysis, merchandise management and credit services

Retail market leadership will be determined in part by how quickly and efficiently a company's value network can respond to shifting customer demand. Industry relationships will only grow more diverse and complex, making effective alliance management a strategically important competency. Together, these mega-trends are driving us toward a marketplace of tremendous complexity, with big winners and losers. According to MacLaren (2003), super shoppers, armed with ubiquitous information access and equipped to fend off unsolicited contact, choose to do business with those companies that provide them with the most overall value - both financial and personal. Incumbent retailers risk being displaced by more focused, innovative and agile competitors better able to meet the demands of these customers

Dominant mega-retailers will coexist with focused specialists - but undifferentiated competitors will be absorbed or fail off. Companies caught in the middle will need to migrate to more distinct strategic positions. And all retailers will have to cope with intensified market forces that will erode the sources of competitive advantage faster than ever. Loe and Ferrell (2001) observe that in this world, ultra-efficient, globally integrated value networks dominate, and insular enterprises disappear. To keep up, let alone take market leadership, retailers will need to break through today's organizational constraints to respond to customer needs with speed and agility.

The fundamental focus for retailers is to become truly customer-centric in strategy and execution (Burt et al, 2002). This will take more than sound planning and strategic intent. To build and maintain market leadership in the world of extremes, retailers must take execution to the extreme - by focusing on their true differentiators, verifying all change initiatives and investments are appropriately aligned, and embedding a strong customer-focused dimension in their existing operating model; overall this means that the retailer is redefined.

CHAPTER FOUR: CHALLENGES TO RETAIL BUSINESS

Everyone who glances at a newspaper knows that the retailing world is brutally competitive. The struggle of Uchumi supermarket, to choose only one recent example, makes it clear that no retailer can afford to be complacent because of previous successes or rosy predictions about the future of commerce (The EastAfrican, 2007)

Despite the harsh realities of retailing, the illusion persists that magical tools, like Harry Potter's wand, can help companies overcome the problems of fickle consumers, price-slashing competitors, and mood swings in the economy. According to Alexander and Myers (2000), the wishful thinking holds that retailers will thrive if only they communicate better with customers through e-mail, employ hidden cameras to learn how customers make purchase decisions, and analyze scanner data to tailor special offers and manage inventory.

The truth of the matter is that there are no quick fixes. Yes, technology can help any business operate more effectively, but many new advances are still poorly understood, and in any case, retailing can't be reduced to tools and techniques. Prahalad (2001) indicated that the best retailers create value for their customers in five interlocking ways. Doing a good job in just three or four of the ways won't cut it; competitors will rush to exploit weakness in any of the five areas. If one of the pillars of a successful retailing operation is missing, the whole edifice is weakened. Jones (2001) also agrees that the key is focusing on the total customer experience. You have to offer customers superior solutions to their needs, treat them with real respect, and connect with them on an emotional level. You also have to set prices fairly and make it easy for people to find what they need, pay for it, and move on.

4.1 Solving Customers' Problems

Customers usually shop for a reason: they have a problem—a need—and the retailer hopes to provide the solution (Broadbridge and Calderwood, 2002). It's not enough, for example, just to sell high-quality apparel, many retailers do that. Focusing on solutions means employing salespeople who know how to help customers find clothing that fits and flatters, having tailors on staff and at the ready, offering home delivery, and happily placing special orders. In solving customers' problems, Alexander and Myers (2000) observed that every retailer hopes to meet its customers' pressing needs; some do it much better than others. They also indicated that great service is another component of a retailer's ability to solve its customers' problems. Employees should be well trained to demonstrate how products work and to propose solutions to complex problems. They should also be treated very well, both in terms of pay and in less tangible ways.

Clearly, the lesson here is that you must understand what people need and how you're going to fill that need better than your competitors (Dawson, 1983). Many department stores and other struggling retailers must go back to the beginning and answer these basic questions.

4.2 Treating Customers with Respect

According to Jones (2001), the best retailers show their customers respect. Again, this is absolutely basic, and most retail executives would say that of course they treat customers with respect. But it just isn't so. Everyone has stories to tell about disrespectful retailing. The fact is that disrespectful retailing is pervasive. In the 2000 Yankelovich Monitor study of 2,500 consumers (Jones, 2001), 68 % of those surveyed agreed with the statement that "Most of the time, the service people that I deal with for the products and services that I buy don't care much about me or my needs". Alexander and Myers (2000) observe that disrespectful retailing isn't just about bored, rude, and unmotivated service workers. Cluttered, poorly organized stores, lack of signage, and confusing prices all show lack of respect for customers.

The best retailers translate the basic concept of respect into a set of practices built around people, policies, and place (Alexander and Myers, 2000): They select, prepare, and manage their people to exhibit competence, courtesy, and energy when dealing with customers. They institute policies that emphasize fair treatment of customers—regardless of their age, gender, race, appearance, or size of purchase or account. Likewise, their prices, returns policy, and advertising are transparent. They create a physical space, both inside and outside the store, which is carefully designed to value customers' time. "You work so hard and invest so much to get people to visit your store, why would you want them to have to leave?" The value of respect often gets little more than lip service from retailers. Some companies wait until it's too late to put words into action.

4.3 Connecting with Your Customers' Emotions

Most retailers understand in principle that they need to connect emotionally with consumers; a good many don't know how to put the principle into practice (Jones, 2001). Instead, they neglect the opportunity to make emotional connections and put too much emphasis on prices. The promise of low prices may appeal to customers' sense of reason, but it does not speak to their passions. Many retailers are guilty of ignoring consumers' emotions. Making consumers wait unreasonably to receive their solutions contributes to poor results (Underhill, 1999). How can consumers get emotionally involved in products they know they won't see for weeks?

Poor marketing also hurts the industry. Most retailers focus strictly on price appeals, emphasizing cost savings rather than the emotional lift. Great retailers reach beyond the model of the rational consumer and strive to establish feelings of closeness, affection, and trust. Everyone is emotionally connected to some retailers—from local businesses such as the wine merchant who always remembers what you like; to national companies like supermarkets (Alexander and Myers, 2000). Retailers should bear in mind that it takes more than a room full of products with price tags on them to draw people in.

4.4 Setting Prices

Prices are about more than the actual shillings involved. If customers suspect that the retailer isn't playing fair, prices can also carry a psychological cost. According to Jones (2001), potential buyers will not feel comfortable making purchases if they fear that prices might be 30% lower next week, or if certain charges have only been estimated, or if they are unsure whether an advertised sale price represents a genuine markdown. Jones (2001) observes that excellent retailers seek to minimize or eliminate the psychological costs associated with manipulative pricing. Most of these retailers follow the principles of "everyday fair pricing" instead of "everyday low pricing." A fact of retail life is that no retailer, not even the hypermarkets, can truthfully promise customers that it will always have the lowest prices. An uncomfortable truth for many retailers is that their "lowest price anywhere" positioning is a crutch for the lack of value-adding innovation. Price is the only reason they give customers to care (Sweeney, 2002).

Retailers can implement a fair-pricing strategy by clearing two hurdles (Prahalad, 2001). First, they must make the cultural and strategic transition from thinking value equals price to realizing that value is the total customer experience. Second, they must understand the principles of fair pricing and muster the courage needed to put them into practice. Retailers who price fairly sell most goods at regular but competitive prices and hold legitimate sales promotions. They make it easy to compare their prices with those of competitors, and they avoid hidden charges. They don't raise prices to take advantage of temporary blips in demand, and they stand behind the products they sell (Pfeffer and O'Reilly, 2000).

According to Jones (2001), constant sales, markdowns on over-inflated prices, and other forms of pressure pricing may boost sales in the short term. Winning customers' trust through fair pricing will pay off in the long term

4.5 Providing Timely Service to Customers

Many consumers are poor in at least one respect: they lack time. Retailers often contribute to the problem by wasting consumers' time and energy in myriad ways, from confusing store layouts to inefficient checkout operations to inconvenient hours of business (Mitchell, 2002). When shopping is inconvenient, the value of a retailer's offerings plummets.

Slow checkout is particularly annoying to busy people. Managers usually know how much money they are saving by closing a checkout lane; but they may not realize how many customers they've lost in the process. Studies by America's Research Group, a consumer research company based in Charleston, South Carolina, quoted by Alexander and Myers *(2000), indicate* that *83% of* women and *91% of* men have ceased shopping at a particular store because of long checkout lines. To compete most effectively, retailers must offer convenience in four ways as indicated by Prahalad (2001). They must offer convenient retail locations and operating hours and be easily available by telephone and the Internet (access convenience). They must make it easy for consumers to identify and select desired products (search convenience). They need to make it possible for people to get the products they want by maintaining a high rate of in-stock items and by delivering store, Internet, or catalog orders swiftly (possession convenience). And they need to let consumers complete or amend transactions quickly and easily (transaction convenience).

Retail competition has never been more intense or more diverse than it is today, yet excellent retailers are thriving (Jones, 2001). They understand that neither technology nor promises of "the lowest prices anywhere" can substitute for a passionate focus on the total customer experience. In an age that demands instant solutions, it's not possible to combine those ingredients, but retailers who thoughtfully and painstakingly erect these pillars will have a solid operation that is capable of earning customers' business, trust, and loyalty.

CHAPTER FIVE: GLOBAL TRENDS IN RETAIL BUSINESS

5.1 Retailers in Developed Economies

Retailing in the developed world continues to change at a whirlwind pace according to Management Horizons Retailing (2005). Unprecedented growth along with store closures, mergers and consolidations, reinvention and redefinition of retail corporations, new market identifications are all changes which are occurring throughout virtually every corner of the retail industry. As we enter the 21 st century, it seems a good time to step back and take a look at what these changes mean and how they are being reflected in industry trends.

Most of these trends are a result of shifts in the marketplace. Management Horizons Retailing (2005) indicates that developed world retailers have been more responsive to market shifts than ever before. This is a result of several conditions, including, i) Metro areas are largely over-stored, with retailers battling for the customer's pocket. When a new market opportunity presents itself, aggressive retailers attack it fiercely, leaving less responsive retailers in their wake, ii) An unprecedented number of mergers and consolidations which in the 1990s and early 2000s led to increases in market power through retailer sales dominance and vertical integration and, ultimately, to increases in financial power, iii) A growing emphasis on professional management. The rags-to-riches and merchant prince backgrounds for top managers are disappearing. These management types are being overtaken by a well-trained, highly disciplined and analytical business-school-trained management, which is focused on markets, competition, compelling competitive advantages, and the bottom line, iv) An increase in financial power, both as a result of the above and of phenomenal growth and expansion among certain chains and, v) An information-technology explosion which has led retailers to make better use of the vast amounts of information they have. This has led leading retailers to insist that their vendors go online as well, resulting in paperless transactions and its corresponding benefits in response time and accuracy (Martinez and Madigan, 2001).

Today, as quickly as developed market needs change, so do many of the retailers that serve them. Alexander and Myers (2000) postulate that when evaluating what underlies the reasons for retail market shifts, one often need look no further than the law of natural selection - adapt to the environment, or die. Customer demand - and competitive monitoring and response to it - most often dictates the direction of change.

The evolutionary changes in retail business did not happen by accident (MacLaren, 2003). They happened because: retailers were watching the market; the market's needs had shifted; and retailers introduced programs or store concepts to meet the market's needs. This is a process being repeated everywhere in developed world retailing today.

For any particular retailer, the driver of change according to Colla and Dupuis (2002) is the environment. Establishing strategy for the retailing mix variables cannot be done in a vacuum. Three sets of variables are part of retailing strategy - the target market, the retail mix and the retailing environment. The retailing environment and the target market dictate the retail mix. The most attractive market is not necessarily the largest market. Larger markets may be less profitable than smaller ones if they have attracted a disproportionately larger share of competition.

The retail mix according to Bartlett and Ghoshal (2002) includes location, operations, merchandising, pricing, image and promotion. The environmental forces of retailing are competition, the consumer, technology, the political/legal climate, and the economy. Changes in retailing practice in the USA and elsewhere in the developed world are therefore a function of changes in the environment

Developed economies have had an unprecedented number of retailers going out of business, liquidating inventory, closing under-performing stores, or using promotional sales to generate cash flow. Earnings were low because of the astonishing competition. It was commonplace to hear of bankruptcies and store closures in 1995 (Collins, 2001). Yet despite this discouraging record, Colla and Dupuis (2002) observe that in some important ways the retail industry in developed countries seems to be entering a period of stability. For example, retail bankruptcies appear to be slowing slightly.

In contrast with many highly industrialized nations of the world, the USA's markets have relatively few restrictions. When a market change occurs there is generally a firm watching for it, ready to leap on the opportunity (Kunde, 2002). A change by any large competitor today will immediately be responded to by other competitors (Dawson, 2000). Virtually every gap appearing in the market today is quickly filled. The best strategy for an alert retailer is to act as if it were its own most vigorous competitor. If a firm fails to respond to a weakness, surely its competition will.

Retailers, observed Hunt (2001) are finding new competitive advantages because their old ones have been improved on by the competition. They are discovering new ways to speed up vendor and distribution throughput and to improve their cost efficiency. Successful retailers are on a constant lookout for ways to capture just one more dollar out of each customer's pocket. In today's overstored markets, the way to expand sales is no longer building more stores. It is getting another dollar from each customer (Pfeffer and O'Reilly, 2000).

Consumers in developed economies are more sophisticated shoppers than ever before. They have learned how to "shop" the advertisements, they plan their shopping trips in advance, and they have come to expect high levels of service and merchandise quality. Dawson (2002) indicates that this sophistication is much more than simple demographics, educational levels, professionalism, and employment. It is a matter of a fundamental shift in how they shop: with more knowledge, more awareness of their options; but with less time and often less money.

Shopping loyalties have changed over the last decade. Today's consumer more often puts bargain prices, nutritional and environmental concerns and other priorities ahead of brand or store loyalty. Most are brand and store "switchers". While store loyalty continues to be high among older shoppers, it is not among younger shoppers (Dawson, 2002). We are also seeing large changes in household composition. Non-traditional households are multiplying. Today, as indicated by Coleman (2002), witnesses the disappearance of the "traditional" family - working husband, wife a full-time homemaker, children at home. It accounts for just 21 per cent of households, and the number of single-person households continues to grow (Poverty continues to be a national problem, but the biggest form of poverty among the developed economies middle-class is poverty of time. With dual-earner households now the norm, discretionary time is at a premium. Most shoppers no longer have the time to make shopping a recreational activity. According to Dawson (2002) shopping is a chore to be completed for many of today's consumers because of their time poverty.

Burt et al, (2002) sees shoppers today as not easy to satisfy. A study conducted among discount store customers reported that the largest single discount-store shopper segment, the "difficult discounter core", want the best of everything from stores. They want high quality merchandise on sale or at a low price. They scan advertisements looking for bargains, and are offended when sale items are out-of-stock. They look for high quality clothing of the latest styles. They want to be served by friendly and speedy salespeople, and do not want to wait in line at the checkout. They like stores that give them the royal treatment. And perhaps worst of all, they are not much influenced by a convenient location, so they will travel any reasonable distance to find a store that offers them what they want (Rugman, 2000). Retailers continue to push the envelope in achieving greater speed and more efficiency, both within their own companies and with their vendors. At one time, speed and efficiency were a result of the power of size and scale. Today they result from technology. Management Horizons, one of the USA's largest consultants to the retail industry, and quoted by Dawson (2002) commented that at one time, speed and efficiency were a result of the power of size and scale whereas today they result from technology.

In the next ten years, Klein (2000) predicted that technology will become a virtual prerequisite to successful competition. Retailer-supplier partnerships will depend on technology, substituting information for inventory in the pipeline to reduce costs while improving productivity. Retailers will rely on technology to establish links with consumers through electronic retailing and customer relationship marketing. These consumers want a "one stop" shopping experience. This can mean one of two things (Martinez and Madigan, 2001): First, if they have an extensive shopping list including products of all varieties, they seek a single store (or a mall) at which they can buy it all. This accounts for the growing number of mega-discount stores and superstores to satisfy that need. Second, if they have a narrow shopping list, one that includes items of a type, they will probably seek out a speciality store that will meet their needs. Klein (2000) observed that if one combines these needs with the shifting priorities of consumers, it is clear that the developed world retail industry is facing serious revenue challenges.

5.2 Retailers in Emerging Markets

The significance of retailing in the social and economic development of emerging nation states is often overlooked by academics and the business community alike, largely due to the difficulties of data collection from what are often small scale enterprises (Sweeney, 2002). The importance of retailing cannot be expressed merely in terms of economic significance alone. The very nature of shopping and choice and the fundamental principle of goods being available for people to select is an inherent factor in the westernisation of eastern and central Europe.

Significant economic growth during the late 1990s (Research Alert, 2001) brought new entrants to these regions, attracted by the opportunity of serving these "emerging consumers". However, serving these segments has proved to be no easy task. Market intricacies and apparently irrational consumer behaviour seem to raise barriers to growth both for manufacturers and organized retailing. The retail sector in emerging markets has been especially resilient to modernization (Broadbridge and Calderwood, 2002), with traditional small-scale formats holding anywhere between 40 and 60 per cent of sales in spite of the advent of hypermarkets, supermarkets and organized retailing during the 1990s

According to Hill (2002), further understanding of consumer behaviour then seems necessary for helping marketers effectively address the needs of the lower-income segments. However, a review of the literature shows that most of the studies have taken place in the USA and Canada, with some research being done in Europe and little in developing regions such as Asia, Latin America or Africa (Slywotzky and Wise, 2002; Richards, 1998; Newmark, 1990; Martinez and Madigan, 2001). Research should then be set for understanding consumer behaviour in the emerging segments, regarding product and retail format needs and how they are addressed by traditional small-scale retailers. Ultimately it should be aimed at answering: what is retail value for emerging consumers?

In terms of size, "four billion people reside in the emerging consumer base at the bottom of the pyramid, where per capita income is less than $1,500 (PPP) per year" (Prahalad, 2001). And in terms of absolute spending in consumer products, in spite of being perceived as "poor", emerging consumers as a group in fact represents a significant amount of money (Loe and Ferrell, 2001). Finally from a social responsibility and business ethics perspective, given the social impact of the marketing actions, it addresses the possibility of generating actions that improve lower-income segments' quality of life.

Although during the 1980s and 1990s the number of academic studies in the retail behaviour field was reduced (Newmark, 1990; Prahalad, 2001), nevertheless greater specialization was registered in what refers to retail practices referred towards low-income consumers. Should it be the point to discover that the retail system has become significantly more equitable, marketers should demonstrate this progress to the society. With reference to consumer behaviour, a resurgence of scholars' interest in poverty occurred in the 1990s resulting from economic instability of the late 1980s (Hill, 2002). However, most of the research findings were in reference to the USA and Canada, where impoverished consumers represent a minority. Few were conducted in developing countries like Brazil (Jordan, 2002). More recent research was concentrated on low-income consumer behaviour models (Hill, 2002), and proposed strategies for coping with negative emotional consequences.

Modern and early research findings show a disparity in market exchange relationship that favours FMCG retailers over low-income consumers. Although significant research work contributes to understand the impoverished consumer, little of that effort associates that information to retailers' possible responses and the elaboration of further effective strategies (Prahalad, 2001; Jordan, 2002). In spite of being perceived as "poor", emerging consumers in fact have a considerable amount of money as a group to spend on consumer products. And, while incomes are indeed lower and less stable, they dedicate a larger portion of their income to household commodities (Hill, 2002).

A portion of emerging consumers are attracted to large retail outlets, but by and large, these large chain formats lack a key element: the emotional proximity and feeling of community that comes as a result of personal relationships with shop keepers or store personnel. Personal relationships are usually the top factor for differentiating between outlets with comparable prices and distance for this group (Neven and Reardon, 2004). These relationships typically result from a history of positive interactions and experience - providing customers with a sense of familiarity and belonging. Personal relationships - rather than formal processes - are the mechanism by which this group generally resolves issues like exchanging a product, coming up short at the cash register, selecting a product during a stockout, or feeling confident that produce and meats are fairly weighted. In comparison, emerging consumers report poor treatment by staff while shopping at large chain stores (Prahalad, 2001).

Jordan (2002) indicates other strong factors that deter emerging consumers from switching away from small-scale stores - but the need for credit is not typically one of them. Some do take advantage of credit out of necessity on occasion, and consumers who rely on "fiado credit" do have strong barriers to switching stores. Generally speaking, lower income segments are averse to spending beyond their means and they prefer to pay cash as a means of controlling expenditures. Credit is viewed as more appropriate for major purchases (Richards, 1998), (e.g. appliances, back-to-school supplies and uniforms) rather than for funding day-to-day consumables.

Emerging consumers commonly "come up short" on small purchases and rely on their "virtual wallet" at small-scale retailers who essentially offer a type of informal credit by allowing regular customers to make up these small differences on their next shopping trip - usually the next day or shortly thereafter (Broadbridge and Calderwood, 2002). This is a critical service for this group, since having to remove purchases at the time of payment is considered extremely embarrassing. Furthermore, it allows parents to send their children to make daily purchases with the least amount of money possible - considered a valuable means to control impulse spending on candy and snacks. Technically speaking, this is a form of short-term credit. But it is more like an extension of the personal relationship between the consumer and the shopkeeper, rather than a transaction or service (Home, 2002). Also, since the amounts in question are extremely small, the benefit of this "virtual wallet" to consumers is one of financial flexibility rather than needing the credit per se.

Emerging consumers represent approximately 30-40 per cent of the purchasing power (Neven and Reardon, 2004). This segment in aggregate spends a significant amount on food, beverage, personal care, and cleaning products; individually, low-income households spend a much higher percentage of income on consumer goods. So, although having significantly smaller per capita purchasing power, lower segments are very relevant when it comes to consumer products.

In summary, research across emerging markets of Asia, Africa and Latin America breaks six common myths about emerging consumers) (Richards, 1998). Although "poor" relative to the upper consumer segments, these consumers spend a great deal of money on consumer products. When shopping, they follow a quite rational and sophisticated behaviour as they seek to reconcile preferences with their economic reality. They have a distinct set of product and format needs - which does not necessarily include whatever is lowest cost, credit, or responding to shelf prices. The personal relationships and sense of community they seek is a strong incentive to shop in small-scale retail formats. Furthermore, differences within emerging consumers imply that companies - both manufacturers and retailers - need a differentiated proposition to address the needs of this group (Martinez and Madigan, 2001). Also sub-segments could be identified among emerging consumers, based on economic or behavioural patterns (not necessarily on geographical or country criteria).

5.3 Globalization and New Retail Formats

The incentive for globalization is also behind the expansion into new retail formats (Rugman, 2000): developed world overstoring and its consequent diminished opportunities for traditional retailing. As indicated, consumers in the west today have many more choices, and not just in terms of merchandise. Rugman (2000) observed that although predictions about the growth of electronic retailing have not yet materialized, conventional retailing is still being challenged.

As more affluent classes emerge overseas, retailers seek them. The thrust to global markets is driven by diminished growth in western ones, causing retailers to open in global markets where they will find an emerging middle affluence (Slywotzky and Wise, 2002). Shopping malls in particular are becoming victims to the decline in demand for retail space. Regional enclosed shopping malls are becoming boring controlled environments that are steadily losing market share. Many predict that big box superstores will soon be typical mall anchor stores.

Two shopping directions are at work (Management Horizons Retailing, 2005). First, in their conventional outlets, retailers are focusing more attention on their core customers as individuals. Traditionally this means the medium to heavy spenders. They will soon begin to ignore customers who are too costly to service. Second, these same retailers will seek new avenues to reach their customers. Electronic retailing will become a potent force as soon as the technology comes together to make it economically feasible (Pfeffer, 2001).

Regardless of what retail trends one chooses to examine, the stimulus behind them is the market (Sweeney, 2002). When the developed dynamic market in the west is combined with alert and revenue-hungry retailers, every marketing opportunity is being examined. As emphasized, the law of natural selection is a primary motivator in developed economies today - adapt to the environment, or die. Consider the concept of what consumers have come to expect from retailers. They expect to "get their money's worth". Shoppers pay more than a financial price for their store purchases. This larger price includes money, time, opportunity cost, and such psycho-social costs as stress, anxiety, and uncertainty (Zimmermann et al, 2004). In return for these prices paid, shoppers expect to receive a corresponding level of benefits. These include products that perform as expected, as well as less tangible benefits: an appropriate store ambience, service level, confidence, image, and store location. The higher the price paid, the greater the expected benefits.

Even if a retailer is exceeding shopper expectations its management must not rest. For those expectations are changing. As shoppers come to experience more retailers above the value line, their expectations - and the value line - will rise (Broadbridge and Calderwood, 2002). Retailers once on the line will find themselves below it and those once above the line may find themselves only on the line or even worse. This is both the dilemma and the promise of retailing today in the developed markets of the west. Retailers that continually meet and exceed shopper expectations will succeed. But doing so requires an intimate understanding of just what those expectations are, and understanding that requires a careful response to the trends in the retail marketplace.

5.4 Future of Retail Management

Recent research has drawn attention to the rapid growth of retailers and the resulting structural transformation in the distribution systems of developing countries (Colla and Dupuis (2002) for Latin America, and Neven and Reardon (2004) for Africa). Retail sector is developing rapidly in Kenya, a poor country (with a per capita GDP of roughly a dollar a day) where retail growth is endogenous and indigenous - without the heavy influence of foreign direct investment (FDI) by global retail chains that plays such an important role in retail trends in Asia and Latin America. Retailers in Kenya have grown from a tiny niche market only seven years ago to 20% of urban product retail today (Neven and Reardon, 2004).

The failure to understand the mistakes of the past is causing many retailers, with their "narrow areas of expertise", not to commit sufficient resources to monitoring how changes in the demographic, technological, political, and economic environments have affected and will continue to affect their businesses (Neven and Reardon, 2004). This section seeks to address some of these changing trends in the retailing, consumer, and regulatory sectors and their impact on retailing in the East African region today - an increase in the number of retailers, continued emphasis on expense reduction in order to achieve margin reduction, and the demise of the mid-sized retail chain.

With more than 30 million inhabitants, Kenya is a comparatively affluent market in East Africa and is likely to experience faster growth in the modern retail sector as the economy continues its upward trend as compared to other East African countries. In fact, Kenya's modern retail sales are forecast to increase by more than 30% by the end of the 2008 trading period thanks to the government's continued effort to improve the country's business environment (Neven and Reardon, 2004). Kenyan retailers are the most sophisticated as can be seen by how local retailers are diversifying their activities into Uganda, Tanzania, Rwanda and Burundi. Apart from this sophistication, retailers in east Africa face almost the same challenges as any retailer in the developing economies (The Eastafrican, August 17th, 2007).

By the formation of East African federation, retail outlets are expected to cross borders to expand their activities as manufacturers like East African Breweries, and bankers like Kenya Commercial Bank and word has it that Safaricom wants to cross borders into Uganda and then to Tanzania. This will pave way for retailers such as dealers and vendors to cross over borders to search for larger markets (Neven and Reardon, 2004). Even though the retail sector is dominated by traditional retail channels and independent supermarkets in the countryside, the development of modern retail chains has taken root in urban areas (Smith and Sparks, 2001).

Domestic players such as Nakumatt are beginning to open stores in smaller towns outside the capital city Nairobi, whilst pan-African player Shoprite has been rumored to be considering market entry through the acquisition of struggling local player Uchumi (The Eastafrican, 2007).

A good summary of the current state of retailing in East Africa was made recently by the CEO of one of the nation's largest retailers Nakumatt when he told a journalist that he longed for the "good old days" when he was a merchant building a franchise with the consumer (Neven and Reardon, 2004). Today, instead of making merchandise decisions, he spends almost his whole day answering questions from financial analysts and managers who are interested in daily sales figures against plan and current quarter profit projections (Home, 2002). The thinking goes something like this: "We will not let anything keep us from achieving our goal of meeting or exceeding quarterly profit projections". This constant need to reassure his financial audiences keeps him from visiting customers and vendors. Such behaviour could contribute to making the kind of mistakes above which the novelist John le Carre warned about when he wrote that a desk is a dangerous place from which to view the world (The Eastafrican, 2007).

Today's retailers are focusing on their "narrow areas of expertise" (Dawson, 1983). This is resulting in a failure to commit sufficient resources to monitoring how changes in the demographic, technological, political and economic environments had and would continue to affect their business.

The failure to understand retailing's history destines retailers in East Africa to misinterpret current trends which are changing the retailing environment. Retailers in East Africa continue to do the same thing they have always done in the mistaken belief that "what worked in the past will work in the future". This short-sightedness is compounded by the excessive number of retailers offering product assortments, promotions, pricing and visual presentations that are indistinguishable from store to store or region to region (Vias, 2004).

Given that the business environment is changing at a geometric rate, successful retailers need to spot changing trends and develop new strategies that, instead of being forced to react to change after it has already occurred, proactively shape the environment. Several trends are occurring in the retailing, consumer and regulatory sectors that are having an impact on retailing's future (Byrom et al, 2003). These trends will significantly affect East African retailers' strategic choices as to the future.

References

Alexander, N., Myers, H. (2000), "The retail internationalisation process", *International Marketing Review,* Vol. 17No.4/5, pp.334-53.

Alexander, N., Quinn, B. (2002), "International retail divestment", *International Journal of Retail & Distribution Management*, Vol. 30 No.2, pp.112-25.

Anselmi, K. (2000), "A brand's advertising and promotion allocation strategy: the role of the manufacturer's relationship with distributors as moderated by relative market share", Journal of Business Research, Vol. 48 No.2, pp. 113-22.

Bartlett, C.A., Ghoshal, S. (2002), "Building competitive advantage through people", *MIT Sloan Management Review*, pp.34-41.

Berry, L.L. (2002), "Managing the total customer experience", *MIT Sloan Management Review,* pp.85-9.

Beverland, M. (2005), "Creating value for supply channel partners. Journal of Business & Industrial Marketing, Vol. 20 No.3, pp. 127-35.

Bloom N, and Perry J., (2001), Biometric Technology for Human Identification, Proceedings of the SPIE.

Bossidy, L., Charan, R. (2002), *Execution: the Discipline of Getting Things Done,* Crown Business Publishing, New York, NY, .

Broadbridge, A., Calderwood, E. (2002), "Rural grocery shoppers: do their attitudes reflect their actions?", International Journal of Retail & Distribution Management, Vol. 30 No.8, pp.394-406.

Brown, S. (2001), "The wheel of retailing: past and future", *Journal of Retailing,* Vol. 66 No.2.

Brown, S. (2001), "Torment your customers", *Harvard Business Review*, pp.83-8.

Burt, S.L. (2003), "Trends and management issues in European retailing", *International Journal of Retailing,* Vol. 4 No.4, .

Burt, S.L., Mellahi, K., Jackson, T.P., Sparks, L. (2002), "Retail internationalisation and retail failure", *International Review of Retail, Distribution and Consumer Research,* Vol. 12 No.2, pp. 191-219.

Byrom, J., Medway, D., Warnaby, G. (2003), "Strategic alternatives for small retail businesses in rural areas", Management Research News, Vol. 26 No.7, pp.33-49.

Cherkasova, N. (2005), "European Retail Digest, Summer Feature", in Davies, R.L. (Eds),*Retailing in Eastern Europe,* Oxford Institute of Retail Management, pp.3-25.

Coleman, J. (2002), Business Week (2001), pp.68-9.

Colla, E., Dupuis, M. (2002), "Research and managerial issues on global retail competition: Carrefour/Wal-Mart", *International Journal of Retail & Distribution Management,* Vol. 30 No.2, pp. 103-11.

Collins, J. (2001), *Good to Great,* Harper Collins, New York, NY, .

Davidson, W.R., Sweeney, D.J., Stampfl, R.W. (2004), *Retailing Management,* John Wiley & Sons, New York, NY,.

Dawson, J. (2000), "Retailing at century end: some challenges for management and research", *International Review of Retail, Distribution and Consumer Research,* Vol. 10 No.2, pp.119-48.

Dawson, J. (2002), "2012: a retail nightmare", *European Retail Digest,* No.33, pp.21-2.

Dawson, J.A. (1983), Small Firms in Retailing: Terminal Illness or Just a Cold?, Institute for Retail Studies, University of Stirling, Stirling, IRS Working Paper 8303,.

Dawson, J.A. (2000), Future Patterns of Retailing in Scotland, Scottish Executive Central Research Unit, Edinburgh.

Drucker, P. (2002), "They're not employees, they're people", *Harvard Business Review,* pp.70-7.

Dychtwald, K. (1990), *Age Wave,* Bantam Books, New York, NY, .

Dychtwald, K., Gable, G. 2001 "Portrait of a changing consumer", *Business Horizons,* January-February 2001, pp.62-73.

Ghosh, A.K., Joseph, W.B., Gardner, J.T., Thach, S.V. (2004), "Understanding industrial distributors' expectations of benefits from relationships with suppliers", Journal of Business & Industrial Marketing, Vol. 19 No.7, pp.433-43.

Hill, R.P. (2002), "Stalking the poverty consumer: a retrospective examination of the modern ethical dilemmas", Journal of Business Ethics, ABI/INFORM Global, Vol. 37 No.2, pp.209-19.

Home, H. (2002), "Consumers patronage behaviour in Finland", International Review of Retail, Distribution & Consumer Research, Vol. 12 No.2, pp. 149-64.

Home, N. (1993), "Environmental selection and retail change", Scandanavian Journal of Management, Vol. 9No.4, pp.283-98.

Hunt, J.W. (2001), "In search of the narrative", *Financial Times,* .

Jensen, R. (1999), *The Dream Society,* McGraw Hill, New York, NY, .

Jones, D.T. (2001), "Thinking outside the box", *ECR Journal,* Vol. 1 No.l, pp.81-9.

Jordan, M. (2002), "A retailer in Brazil has become rich by courting poor", *Wall Street Journal - Eastern Edition*, Vol. 239 No. 113, pp.Al.

Keller, K.L., Lehmann, D.R. (2002), "The brand value chain: linking strategic and financial brand performance", working paper, Dartmouth College, Hanover, NH, .

Kippenberger P., (1998), The Independent Grocery Retailer: Channel problems - A Report of a Survey, Retail Outlets Research Unit, Manchester Business School, Manchester, Research Report.

Klein, N. (2000), *No Logo,* Harper Collins, London,.

Kunde, J. (2002), *Unique Now or Never,* Pearson Education, London, .

Loe, T.W., Ferrell, L. (2001), "Teaching marketing ethics in the 21st century", *Marketing Education Review,* Vol. 11 No.2, pp. 1-16.

MacLaren, R.C. "Different strokes for different customers", *Promo: The Magazine of Promotion Marketing,* July 2003.

Management Horizons Retailing 2005, Management Horizons

Marjanen, H. (2000), "Retailing in Finland and the challenge of nearby cities", International Journal of Retail & Distribution Management, Vol. 28 No.4/5, pp. 194-206.

Martinez, A., Madigan, C. (2001), *The Hard Road to the Softer Side: Lessons from the Transformation of Sears,* Crown Business, New York, NY, .

Mayo, A. (2001), *The Human Value of the Enterprise,* Nicholas Brealy, London,.

Mitchell, C. (2002), "Selling the brand inside", *Harvard Business Review,* pp.99-104.

Neven, D. and T. Reardon. (2004) "The Rise of Kenyan Supermarkets and the Evolution of their Horticulture Product Procurement Systems", *Development Policy Review,* 22(6):669-699) and copyright was transferred to the Overseas Development Institute.

Newmark, C.M. (1990), "A new test of the price-concentration relationship in grocery retailing", *Economics Letters,* Vol. 33 No.4, pp.369-73.

Pfeffer, J. (2001), "Fighting the war for talent is hazardous to your organization's health", www.gsb.stanford.edu.

Pfeffer, J., O'Reilly, C. (2000), *Hidden Value: How Great Companies Achieve Extraordinary Results with Ordinary People,* Harvard Business School Press, Boston, MA.

Pine, B.J., Gilmore, J. (1999), *The Experience Economy,* Harvard Business School Press, Boston, MA.

Porter, M. (1998). How information gives you competitive advantage, Harvard Business Review.

Porter, M.E. (1980). Competitive Strategy: Techniques for Analysing Industries and Competitors, Free Press, New York.

Prahalad, C.K. (2001), "Below the radar: the bottom of the pyramid", *Siliconindia,* Vol. 5 No. 10, pp.76-7.

Propp, W. (1927), *Morphologie du Conte,*

Research Alert (2001), *Future Vision: The 189 Most Important Trends of the 1990s,* Sourcebooks Trade, Naperville, IL, .

Retail News Letter (2002), No.498, .

Richards, L. (1998), "Consumers practices of the poor", in Ireland, L.M. (Eds),low *Income Lifestyles,* US Department of Health, Education, and Welfare, Washington, DC, pp.69-83.

Rugman, A.M. (2000), "The myth of global strategy", *European Retail Digest,* No.28, pp.5-9.

Slywotzky, A.J., Wise, R. (2002), "The growth crisis and how to escape it", *Harvard Business Review,* pp.73-83.

Smith, A., Sparks, L. (1997), Retailing and Small Shops, Scottish Office, Edinburgh, .

Smith, A., Sparks, L. (2000), "The role and function of the independent small shop: the situation in Scotland", International Review of Retail, Distribution and Consumer Research, Vol. 10 No.2, pp.205-26.

Smith, A., Sparks, L. (2001), "The independent small shop in Scotland: a discussion of roles and problems", Scottish Geographical Journal, Vol. 116 No.1, pp.41-58.

Sternquist, B. (1998), *International Retailing,* Fairchild, New York, NY.

Sweeney, D.J. 2002. *A New Era for Retailing: An IBM Perspective.*

The EastAfrican,August 17th, 2007

Underhill, P. (1999), *Why We Buy: The Science of Shopping,* Orion Business, New York, NY.

Vias, A.C. (2004), "Bigger stores, more stores, or no stores: paths of retail restructuring in America", Journal of Rural Studies, Vol. 20 No.3, pp.303-18.

Zimmermann, T.G., Russell, G.F., Heipler, A., Smith, B.A., Hu, J., Markham, D. Graham, J.E., Drews, C. (2004), "Retail applications of signature verification" SPIE