

TYOLOGICAL ASPECTS OF RETAILERS ON THE BACKGROUND OF MARKET CONCENTRATION

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***Abstract.** Recent evolution of the market globalization, accompanied by rougher competition, implies adaptation of the traders to this new reality. Their work policy will have to attract more consumer segments using the various types of retail and wholesale trade stores. Moreover emphasis is to be put on “reorientation” of demand - especially from young consumers - towards the forms of the stationary trade, impressive by its comfort and simplicity of acquisition.*

Key words: non-stationery trade, trade unit, wholesaler, retailer.

1. Commerce. Conceptual Delimitations. Institutionalized versus Functional Trade

Traditionally we understand by commerce „the trade of goods and services between business partners” (Tietz, 1993, p.4). „Commerce” or „trade of goods” means in particular the exchange of „goods between trade entities or between suppliers and distributors who are not retailers” (Tietz, 1993, p.4). This kind of trade is designated as functional trade in economic literature (Zentes, Swoboda, 2001, pp.197-198). Recent definitions of „commerce” in its narrow sense, does not conceptually alter the classic notion, which comprises „the economic activity through which commercial entities purchase and distribute products from different actors of the market (commercial goods producers) to third parties (individual or organizational consumers) without processing them or modifying their nature” (Metro Group, 2007, p.126).

At the same time, it has to be mentioned that under a microeconomic view trade is „a process of exchange”, whereas under a macroeconomics view we have „an economic sector” (Zentes, Swoboda, 2001, p.191). This has made most authors to include trade in the “Tertiary Sector, which also includes Transportation, Banking, Insurance, Consultancy” and other branches. (Tietz, 1993, p.4)

Trade can be defined in a institutional sense, as an approach which emphasizes its organization with respect to an adequate structure (type of enterprise, company, trade unit, firm, shop, store) in order to administrate the necessary activities such as obtaining products from producers and delivering them to the third parties (Florescu, Mălcome, Pop, 2003, p.142), i.e. „activities based on functional trade” (Zentes, Swoboda, 2001, p. 192).

2. Classifications of Commerce

The development of trade requires a classification of commerce according to several criteria. One distinguishes between:

- „Partners of the market” (Zentes, Swoboda, 2001, p.192): retail and wholesale trade;
- Area of activity (Zentes, Swoboda, 2001, p.192): national and international trade;
- Method of organization: stationary trade (classical retailers) and non-stationary trade (peddling, electronic commerce, stalls in occasional market);
- Food and nonfood trade;
- „Principal and auxiliary trade entities” and „commercial usage, contracts, judicial instruments” (Tietz, 1993, p.9);
- Orientation (Tietz, 1993, pp.9-11):
 - „Process or functional commerce” – acquisition, distribution, logistics;
 - „Distribution of goods and services”;
 - „Management” – the administration of the company is a central element;
 - „Decisional concept”;
 - „Behavior” – the market agents, partners and especially consumers;
 - The relation between the type of products and the type of instruments used for distribution; (Tietz, 1993, p.10):
- The economical literature on trade:
 - Theory of Comparative Cost Advantage, David Ricardo, 1817;
 - Theory of Comparative Utilities, Francis Y. Edgeworth, 1881;
 - Theory of Transactional Cost, Helmy Baligh and Leon Richartz, 1964;
 - Theory of the Firm, Ronald Coase, 1937;
 - Theory of Grouping Products, Erich Schäfer, 1943;
 - Theory of Commerce Chains, Rudolf Seyffert, 1951;
 - Theory of Boundary Expansion, Philip Kotler, 1967.

2.1. Retail versus Wholesale Trade – Conceptual Delimitations

Retail, besides wholesale trade is one of the two formats of trade concerning the exchange of products. Both of these formats can be regarded on a functional and an institutional aspect. (Florescu, Mălcomete, Pop, 2003, pp. 142-144).

From the functional point of view, retail is “an economic activity including acquisition and distribution of commercial goods and related services carried out for the final consumer” (Florescu, Mălcomete, Pop, 2003, p. 145). From the institutional point

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of view, retail consists of „trade entities, commercial entities which include institutions that perform economic activities exclusively or predominantly dedicated to functional retail.” (Tietz, 1993, p.27). From the systematical point of view, retail involves objects that are considered to be valuable. Such objects come from different producers from home and abroad, as well as from various intermediaries active in the sector of products circulation, maintenance, repacking or „insignificantly modifying” (Florescu, Mălcome, Pop, 2003, p.146) the lots of products and their delivery, as a rule, *only to the final consumer* (Liebmann, Zentes, 2001, pp.5-9) for the price established on the market.

Under a functional perspective, the definition of the „wholesale trade” is similar to that of „retail trade”, with the difference that it is not related to private consumers. In this case the private consumer is replaced by an enterprise, which can be a „reseller, processor or industrial user or operator (academic entities, public authority) or other public institutions (canteens, associations)” (Zentes, Swoboda, 2001, pp.185-186). “Groups of producers” are also seen as wholesale traders (Tietz, 1993, pp.26-27).

2.2. Stationary versus Non-Stationary Trade

Choosing the most adequate type of trade unit is a decision of the top management urged by the necessity to adapt to market dynamics. The „type of trade unit” designates” the category of commercial entities which combine a range of similar or identical characteristics that remain constant for a long period of time. „The structure, the method of market approach and the area of action are established by type of trade unit.” (Liebmann, Zentes, 2001, p. 345). In this context one can talk about a stationary trade unit (Liebmann, Zentes, 2001, p. 346). On the other hand there is the non-stationary trade unit, typically peddling, mail trade, stalls in occasional market places, virtual shops and stores or vending machines (Statistics Yearbook, 2007, c.19, p. 2).

It would be very difficult to systematize retail and wholesale trade entities due to the large number of criteria that must be taken into consideration and because most retailers manage several types of stores under different names (brands).

2.3. Criteria Used for Systematization of Retail and Wholesale Trade

The most frequently met criteria used for systematization of retail and wholesale trade, regardless of whether stationary or not are given below:

Table 1

Characteristics to distinguish retail and wholesale trade

Criteria	Wholesale Trade	Retail Trade
Type of products	Close to producers or to consumers	
Orientation towards the market	Acquisition (buying) or distribution (selling)	
Assortment Policy	Depth and Width of assortment → wholesale trade divided according to assortment; specialized wholesale trade	Depth (number of products belonging to a group) and width (number of products groups of an assortment); long term organization of the assortment; administration of different quality levels of the assortment; different importance of assortment
Structure of consumers target segments	Resellers; Private or institutional wholesale buyers; Industrial processors;	Indirect trade (meaning special advantages for employees or other parties) versus exclusive trade (acquisitions that take place in special circumstances for outstanding customers);
Covered area	Local, regional, national, international activity → Internal, external, transit or global wholesale trade;	Integration of the trade units into urban agglomerations, into neighborhoods, outskirts and beyond that, and in proximity of other such retailers.
Delivery principle	Residence Principle: transfer of products → to the seller; Domicile Principle: transfer of products → to the buyer;	Principle of Delivery: Goods are delivered to customer's home by the seller; Principle of Receiving: Goods are picked up by the customers from the trade unit; Intermediate format: trade in special market places (fairs);
Judicial Organizing	Independent unit; cooperative unit; Public Limited Company, and also collective company (in agriculture)	Organizational integration of the unit into a system – independence; dependence from the retailer; functioning with other trade entities in a common location;
Size of the unit		Measured in: turnover, profit, number of employees; value of product flow; vending surface;
Principle of service		Self-service; service performed by staff (shop-assistants);
Debt collection		Payment collected by shop-assistants; payment by technical means;
Transfer of products		Self-service; shop-assistants; technical means;
Price policy		Strategy of low (discount), moderate (conventional) or high (exclusive) prices of the assortments in comparison to prices of competition; strategy of flexible prices.

Source: Liebmann, Zentes, 2001, pp.360-362, 370-372.

3. Types of Retail Trade Entities

The most often encountered and accessible vending points are those retail entities that are met in various formats. Commonly distinguished methods are traditional or modern ones, as well as stationery versus non-stationery ones:

- a. **Specialized stores** – offer a complete, but narrow assortment of goods, which corresponds to the necessities of a certain target segment (Liebmann, Zentes, 2001, p.373).

In this way, a uniform representation of displayed goods of all qualities and between moderate and high prices can be ensured (Liebmann, Zentes, 2001, p.373). Another characteristic of specialized stores is „the relatively high intensity of consultancy and service” (Tietz, 1992, p. 250) carried out by highly qualified and pretty competent personnel. Furthermore, the ambiance of the stores interior bears a great relevance since it can be smartly exploited as to attracting consumers. Predominantly located in city centers, but lately even in shopping centers (Swoboda, Schwarz, 2003, pp.6-16) these units with surfaces varying from 200 to 600 m² (Theiß, 1999, p. 491) have recently be noticed to decrease in number (Statistics Yearbook, 2007, c. 19).

- b. **Luxury stores** – are deeper specialized entities, with a greater variety of assortment and with an exclusive atmosphere.

Such stores accept individually good delivery to customer’s homes and offer refined and detailed consultancy. The vending surface is visibly larger and the space for exhibited goods is extended. Prices are very high due to the location in highly frequented areas (Tietz, 1992, p. 250).

- c. **Boutiques** – are „special formats of small specialized shops with a very limited assortment”, that focus their activity on a certain type of costumers who are willing to pay moderate to high prices. As a rule, boutiques can be located in intensively frequented areas covering various activities such as „cloth, jewelry, household equipments” (Liebmann, Zentes, 2001, p. 375).

- d. **Assorted shops** – have a relatively broad, but not very deep assortment, which covers „the day-to-day needs” (food, near-food, partially non-food items, too). Such stores are usually managed by local people, who also offer advice as to financing articles (only as a secondary activity) (Theiß, 1999, p. 492).

- e. **Small and large department stores** – are generally bigger trade entities, with a vending surfaces of at least 1,500 m² (small), 3,000 m² (large), located in accessible areas of towns or business centers, offering a great number of assortments which are sometimes spread over different levels (Liebmann, Zentes, 2001, p. 376).

As a rule, such stores are divided into departments: textile (clothes), household, cosmetics, food etc, sometimes even offering gastronomy, banking or touristic services. The idea is „to have everything underneath the same roof”. Such stores based on the

principle of self-service, offer up to one hundred thousand articles (Theiß, 1999, p. 493).

- f. **Grouping of trade entities** – the groups embrace department stores or shopping centers. In this way, several specialized shops, boutiques and even universal stores can settle together in a multi-level building in order to sell on a common concept (Tietz, 1992, p. 283). Customers do not perceive them as an agglomeration of individual trade entities which are usually met in downtown areas. Their assortment is wide and deep (Liebmann, Zentes, 2001, p. 378).
- g. **Supermarkets** – these entities offer a complete food and near-food assortment. Fresh products are often sold by the personnel (Tietz, 1993, p.32), only big supermarkets having a narrow assortment of non-food items.

Table 2

Distinctive features of three similar concepts of trade entities – specialized, small and large department stores

Characteristic	Large department store	Small department store	Specialized store
Width of assortment	large (many groups of products)	narrow (few number of products groups)	narrow
Depth of assortment	moderate- profound	profound (many items)	moderate- profound
Quality	medium-very good	preponderantly medium	preponderantly high

Source: <http://de.wikipedia.org/wiki/Warenhaus>

The assortment is large, but relatively flat. Small supermarkets are located in proximity of residential areas, so that they can be reached by walking or by public means. Large supermarkets have sufficient parking lots (Theiß, 1999, p. 495) as they are usually placed in the outskirts. In small supermarkets employees offer advice. The vending surface varies between 400 m² and 3,000 de m². (<http://de.wikipedia.org/wiki/Verbrauchermarkt>)

- h. **Hypermarkets** – are another format of stationary trade with a minimum of 3,000 m² vending surface and are oriented towards mobile consumers.

The choice of location implies the care for parking facilities and also the connection to infrastructure (Theiß, 1999, p.494). This type of stores usually develops an aggressive price policy and an intensive communication activity with frequent sales promotions, product exhibitions and other similar activities (Liebmann, Zentes, 2001, p.381). The assortment is extremely broad and deep, so that customers concentrate their acquisition on a „One-Stop-Shopping” (Liebmann, Zentes, 2001, p.381).

In order to consider such a store as a part of the institutionalized self-service trade it must „preponderantly offer goods of medium and short-term use”. It must also

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be taken into account that more than 50% of the vending surface has to be occupied by food. Such entities must also rely on external services (transport, cleaning, security etc) as well as on parking lots (Tietz, 1993, p.32).

- i. Drugstores** – are entities met almost only in the United States of America. Such stores sell beside „druggist's shop items”, also „newspapers, magazines, sweets, stationery items, toys and presents”. Drugstores are often found in the vicinity of „gastronomic and pharmaceuticals” entities (Liebmann, Zentes, 2001, p.382).
- j. Discounters** – are entities of various size offering goods at low prices mainly „beneath the average price level in the retail sector”.

The assortment of these vending points is actually narrow; the so-called „hard-discounters” dispose of a maximum of 1,000 m² vending surface and less than 1,500 items, preferably those with an increased turnover and readily accepted by customers (Swoboda, Schwarz, 2003, pp. 6-16, http://de.wikipedia.org/wiki/Discounter#Discounter_in_Deutschland). Discounters care for low staff cost – it is usually difficult to get help when shopping; other services are also missing, such as delivery of articles to the customers' homes. Furthermore, costs can be reduced by simplifying the structure of the store or by choosing an adequate location (near residential areas and road infrastructure) (Liebmann, Zentes, 2001, p.383).

Beside the hard-discounters Aldi, Kaufland or Lidl the so-called „soft-discounters” (Hälsig, Meierer, 2007) Penny, Plusⁱ, Profi or others can be distinguished (http://de.wikipedia.org/wiki/Plus_Warenhandels-gesellschaft). Discounters are specialized both in the food and near-food sector, as well as in the non-food one: Takko and KiK for textiles or IKEA for furniture (Liebmann, Zentes, Swoboda, 2008, p.125).

- k. Mobile selling vending points** – are settled up in order to bring closer sellers and customers. The most common formats are (Liebmann, Zentes, Swoboda, 2008, pp.384-385):
 - street trade: selling takes place from lorries, trucks or vans;
 - occasional market places where products are sold only on certain days;
 - ambulant trade carried out from „door to door”.
- l. Trade through vending machines** – take place mechanized, without personnel, based only on specific „payment instruments”. Such machines, work by the principle of self-service and are usually placed in public places, inside other stores or private buildings. They offer a strictly limited assortment (cigarettes, drinks, hygiene items, sweets, postage stamps and sometimes newspapers).
- m. Kiosks** – are situated in relatively frequented areas and cover only a reduced size of vending surface. Their assortment is also very narrow and consists in newspapers, drinks, cigarettes and sweets (Liebmann, Zentes, 2001, p. 385).

n. Convenience stores – also known as proximity entities due the fact that their assortment is meant for immediate consumption (Barth, 1999, p. 88).

Met in the neighborhood of consumers’ homes and near road infrastructures, they permit “last-minute-shopping” which saves precious time (Swoboda, Schwarz, 2003, pp. 6-16), especially due to their long open time. Despite the relative small number of items bought per shopping basket, customers’ abundance ensures appropriate turnovers and the stores profitability (Barth, 1999, p. 88). Traditionally, such entities were only groceries or bakeries; nowadays gas stations also become proximity shops due to their long opening hours (Zentes, Swoboda, 1998, pp. 81-85). Literature distinguishes between „G-Stores” („Gasoline Store“) and „C-Stores” („Convenience Store”) (Liebmann, Zentes, 2001, p. 388).

o. „Off-price”- stores are entities specific for the United States of America, with vending „surfaces between 500 and 3,000 m²”.

p. These stores offer „only branded non-food articles (especially accouterment, shoes, porcelain, glassware)” and focus on an aggressive price strategy (Liebmann, Zentes, 2001, p. 391). Qualified personnel offers „advice” to the „Smart-Shoppers” – meaning customers „with average to high wages, that have as purpose the acquisition of quality products at the most advantageous prices”, although such stores are located far apart from their domicile. Lately, one can notice the tendency of pooling several „off-price” stores into large „off price” shopping centers (Liebmann, Zentes, 2001, p. 391).

Table 3

Different formats of convenience stores (C–Store)

Format	Surface	Assortment			
		food	narrow	–	–
Mini C–Store	25 – 40 m ²	food	narrow	–	–
Select C–Store	40 – 78 m ²	food	narrow	food–service ⁱⁱ	narrow
Traditional C–Store	78 – 91 m ²	food	wide	food–service	medium
Extended C–Store	92 – 130 m ²	food	wide	food–service	extended
Super C–Store	over 130 m ²	food	very wide	food–service	gastronomy

Source: Liebmann, Zentes, 2001, p.388.

p. Bricolage units are those „retailers who are coordinating an assortment that is constant in time, but wide and deep enough” (textiles, accouterment, shoes, furniture, sanitary articles, „Do-It-Yourself”, pet food) (<http://de.wikipedia.org/wiki/Fachmarkt>).

Selecting adequate products is usually eased due to the competent advice coming from the staff, as well as due to adequate labeling. Prices are mainly low or medium; certain products are promoted by specific sales promotions. Such stores are usually reached only by car, which means that they have a good connection to the road-infrastructure (Zentes, 1996, p. 118).

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- q. Factory outlets** are in fact presentation entities of manufacturers or producers. These stores often sell either „articles that were returned by customers or range endings” (Liebmann, Zentes, 2001, p.394). New articles are also sold. Situated either in the vicinity of the producer or in downtowns, there have been also developed the so-called „Factory Outlet Malls” (Zentes, 1996, p. 118).
- r. Direct selling** – producers use this trade format in order to „detour” or to avoid selling through retail or wholesale stores. Direct selling is carried out by trade commissioners or commercial travelers. Interested customers can receive from various presentation materials (catalogues) or directly from producers’ stores information regarding ordering possibilities.
- s. Mail order** – clients have the possibility of placing orders (by telephone, in writing, by fax or electronic mailing) only after consulting a printed or electronic catalogue with the sellers’ products. Such a catalogue can be either customized designed for a specialized store or can be large enough as for a universal one (Tietz, 1992, p.101). The most known European ordering houses – Quelle, Neckermann and Otto (<http://de.wikipedia.org/wiki/Versandhandel>) – deliver articles using normal or fast postal or courier services. This system becomes more and more important due to the involved “convenience” of the process (Liebmann, Zentes, 2001, p. 395-397).

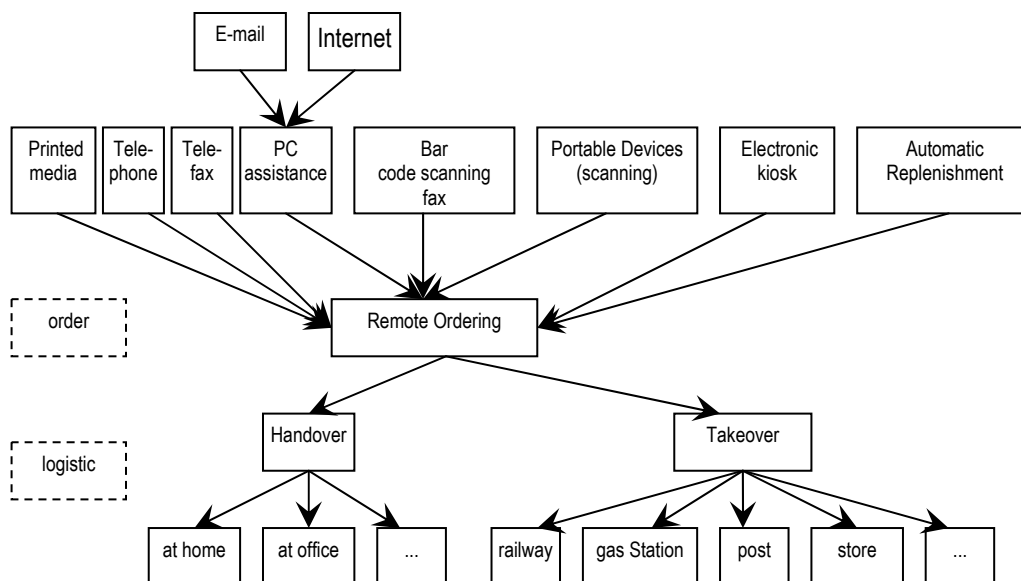


Figure 1. Remote ordering logistics (Liebmann, Zentes, 2001, p.397)

- t. **Electronic commerce** by Internet is a mix format between mail order and convenience trade, which is becoming nowadays more and more important (Liebmann, Zentes, 2001, pp. 398-399). According to some opinions its impact will grow continuously, causing even the „extermination” of the traditional trade through stores.
- u. **Trade through mobile phones (SMS)** represents also a new format by which clients of mobile phone companies are invited to buy different products either by visiting specific electronic portals or by dialing a certain number.
- v. **Shopping centers (malls)** are „agglomerations of retail stores and service entities of all sizes and formats”.

These could be described either as „natural” meaning that they grew in time or as „artificial”, being developed at specific moment (Liebmann, Zentes, 2001, p. 403). Shopping centers are located either inside or outside towns on so-called „green fields”ⁱⁱⁱⁱ, or under boulevards and streets in combination with subways or/and trolley stations. The literature gives a possible classification of such centers (Liebmann, Zentes, 2001, p. 404):

- *Proximity shopping centers* – attract a limited number of costumers and include 15 to 20 trade entities (supermarkets, universal or specialized stores), but also several service providers (gastronomy, cleaning or hairdressing).
- *Civic shopping centers* – are developed in areas with larger possibilities of customers attraction, the number of included entities being up to one hundred (Liebmann, Zentes, 2001, p.404).
- *Regional shopping centers (malls)* – are usually found outside cities on large surfaces; they include movie theaters, gyms, restaurants, playing areas for children, ice drinks, climbing walls, swimming pools and even office-buildings (http://ro.wikipedia.org/wiki/Iulius_Mall). In such malls there can be met about 250 trade entities from all the above mentioned categories.
- *Mega shopping centers (mega-malls)* – are rather difficult to find, covering areas between 100.000 and 2.000.000 m², so that they serve either urban agglomerations or even bordering states (http://de.wikipedia.org/wiki/Shopping_Center).

Table 4

**Mega malls worldwide (http://de.wikipedia.org/wiki/Shopping_Center,
<http://www.iuliusmall.com>, <http://www.lotusmarket.ro>, <http://www.eurisko.ro>,
<http://www.plazaromania.ro>)**

Name of the mall	City	State	Surface m ²	Nr. of stores	Opening year
Mall of Arabia	Dubai	United Arab Emirates	2,000,000	1,000	2008
South China Mall	Dongguan	China	900,000		2005
Berjaya Times Square	Kuala Lumpur	Malaysia	700,000	1,000	2003

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Name of the mall	City	State	Surface m ²	Nr. of stores	Opening year
Golden Resources S.M. ^{iv}	Peking	China	680,000		
Colosseum S.C.	Bucharest	Romania	600,000		2010
Siam Paragon	Bangkok	Thailand	500,000		2005
Beijing Mall	Peking	China	440,000		2005
Grandview Mall	Guangzhou	China	420,000		2005
Cevahir S.M.	Istanbul	Turkey	412,000	328	2005
Mall of America	Minneapolis	USA	390,000	520	1992
West Edmonton Mall	Edmonton	Canada	350,000	600	1981–2004
Aricanduva Mall	Sao Paulo	Brazil	342,000		1991
Bluewater	Kent	United Kingdom	312,000		
Arkadia	Warsaw	Poland	287,000	242	2004
Shopping City Süd	Vösendorf	(Vienna) Austria	270,000	330	1976
King of Prussia Mall	Philadelphia	USA	250,000	400	
Ala Moana Center	Honolulu	USA	245,000	240	1986
Donauzentrum	Viena	Austria	225,000	210	1975
Mall of the Emirates	Dubai	United Arab Emirates	225,000	465	2005
Iulius Mall	Cluj–Napoca	Romania	147,000	250	2007
Craiova Mall	Craiova	Romania	122,000		2009
Polus Center	Cluj–Napoca	Romania	120,000	150	2007
Militari S.C.	Bucharest	Romania	114,000		
Akropolis	Vilnius	Lithuanian	108,000		2002
Sihlcity	Zürich	Switzerland	100,000	89	2007
Plaza Romania	Bucharest	Romania	100,000	150	2004
Băneasa S.C.	Bucharest	Romania	85,000		
Lotus Market	Oradea	Romania	30,000	120	2006

Source: <http://de.wikipedia.org/wiki/ShoppingCenter>, <http://iuliusmall.com>, <http://www.lotusmarket.ro>.

Table 5

Classification of the most important trade entities after their surface, number of articles and the offered assortment of goods

Type of the unit	Surface	Nr. of articles (thousands)	Assortment	Self service	Location	Examples
Convenience / proximity store	max. 400 m ²	up to a hundred	food, near-food	partially	central, near gas stations	Open 24 hours
Specialized /	200 – 600 m ²	max. some	non-food	No	Principal	Perfumeries,

Management & Marketing

Type of the unit	Surface	Nr. of articles (thousands)	Assortment	Self service	Location	Examples
luxury store		hundreds			streets, central zones	jewelries, sport articles, textiles
Small supermarket	400 – 800 (1,000) m ²	7 – 12	food, near-food	Yes	In cities, neighborhoods	Oncos, Angst
Big Supermarket	800 – 3,000 m ²	21 – 40	food, near-food	Yes	Inside the cities	Extra (Metro), Billa (Rewe)
Small universal store	1,500 – 3,000 m ²	50	Food, near-food, non-food	Yes	Inside the cities, shopping centers	
Big universal store	min. 3,000 m ²	100		Yes		
Hypermarket (self service universal store)	min. 5,000 – 15,000 m ²	33 – 63	Food, near-food, non-food	Yes	Outside the cities, at the periphery	Real (Metro), Carrefour, Cora
Discounter	min 1,000m ²	0,7 – 1,6	Food, near-food	Yes	In towns	Aldi ^v , Lidl, Kaufland,
Cash&Carry (wholesalers) ^{vi}	5,000 – 20,000 m ²	50	Food, near-food, non-food	Yes	Outside the cities, at the periphery	Metro/Makro, Felgros/Selgros
Bricolage entities			non-food	Yes	Outside the cities, at the periphery	Obi, Baumaxx, Praktiker
Shopping centers (Malls)	min. 15,000 m ² – over 100,000 m ²	depending on the hosted trade entities			City centers, Greenfields outside cities, railway stations and airports, streets, boulevards	Polus Center, Iulius Mall

Source: Zentes, Swoboda, 1998, pp. 98 – 107.

- x. **Galleries and shopping alleys** are considered to be a particular type of commercial centers.
- z. **Shopping centers encountered in railway-stations or airport-terminals** represent a distinct category of entities met in former railway-stations that have been transformed into shopping centers as a response to the high client frequency during day and night and a decrease of traffic frequency. Such an example could be the Central Railway-Station of Leipzig, Germany, where a Shopping Center on 3 levels covering 30,000 m² was established in 1997 including nowadays more than 140 retailers (Zentes, Swoboda, 1998, pp. 81-85).

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According to a recent study if travelling only half of an hour, almost 620 thousand persons can reach the Leipzig Central Railway Station. Furthermore, the Station is reached daily by 560 trains carrying around 75 thousand persons.

4. Types of Wholesale Entities

In compliance with the above-mentioned criteria it can be distinguished between the following types of wholesale trade entities (Liebmann, Zentes, 2001, pp. 362-363):

- a. **Wholesale trade by storehouses** – properly storage of available goods is made accordingly to the assortment; customer are mainly small regional or local traders (inventory of an auto-service);
- b. **Wholesale trade outside the storehouses** – goods are delivered directly from the producer to the buyer, without completing any further intermediary storage. In this way can be achieved economies of transport and manipulation costs;
- c. **Wholesale trade divided on assortments** – usually, an assortment includes several types of distinct product groups, being both „widely and flat” enough. The wholesalers’ objective is to have a “relative accessible and constant” offer of articles over time. This is especially the case of chain stores, that buy „food and non food products”;
- d. **Specialized wholesale trade** – the difference between this type of entity and the one based on assortment consists in the handling of a „very narrow, but extremely deep assortment of goods”. The range of goods is „accessible and relative constant over time” and the unit distinguishes itself from others by „imparting specialized information and adequate know-how about the offered goods and services”, which ensures a relative independent activity towards competition (Lerchenmüller, 1992, p. 248).
- e. **Delivery wholesale trade** – occurs at the clients domicile by using the wholesalers own Auto Park; the unit additionally offers logistics, advice and informative services concerning the „client demands” and the characteristics of the sold goods (Barth, 1999, p. 97). The effective distribution may also be done on long distances.
- f. **Cash & Carry** – is based on the principle of direct „pick up” of goods by the buyer.

These entities function on the principle of self service; clients have access to the storage and are able to see articles before buying (this is a specific feature compared to other types of wholesale trade). The assortment is fairly wide and includes food, near-food and non-food articles. Traditionally, the target customers are thereby represented by gastronomy entities, by hotels and cafeterias, by hospitals as well as by other institutions (Metro Group, 2007, p.98). Usually, bought quantities are not very

large. Cash&Carry entities do not offer any advice through their personnel, but transport large articles to clients' home address (Liebmann, Zentes, 2001, p. 366).

- g. „**Rack Jobber**” – are also known as wholesaler „of shelves”, „Food Brokers” or „Service Merchandisers” (<http://de.wikipedia.org/wiki/Gro%C3%9Fhandel>).

Regardless if being wholesaler or retailers, they offer other trader the possibility of disposing in exchange of a fee shelves in their unit. Under these circumstances, the “hosting” unit (cash & carry or specialized trader) has to administer the rented shelves and to fill them with goods (Liebmann, Zentes, 2001, p. 366). By using this trade format the “renter” (sometimes being even a representative of a certain producer) has access to final buyers (Tietz, 1993, p. 30).

- h. **Wholesale trade of producers** – addressed to other producers or processors and regards „primary or secondary investing goods” of the production process. In this way, such goods serve as intermediary products in a longer production chain (Liebmann, Zentes, 2001, p.367).

Among wholesalers and retailers, literature also highlights „agencies” or „trade mediation entities”; in this case goods do not belong to any trader (Liebmann, Zentes, 2001, p.201). Commercial mediation of goods can occur in several ways, usually known being the commissioners. Among this, one also differentiates between (Zentes, Swoboda, 2001, p.201):

- „Downstream” mediation – assumes that mediators receive from the principal (importers, wholesale traders, manufacturers) the task to find clients/buyers for their goods and to prepare all contracts and agreements;
- „Up stream” mediation – means that mediators have to search for adequate providers for their principals.

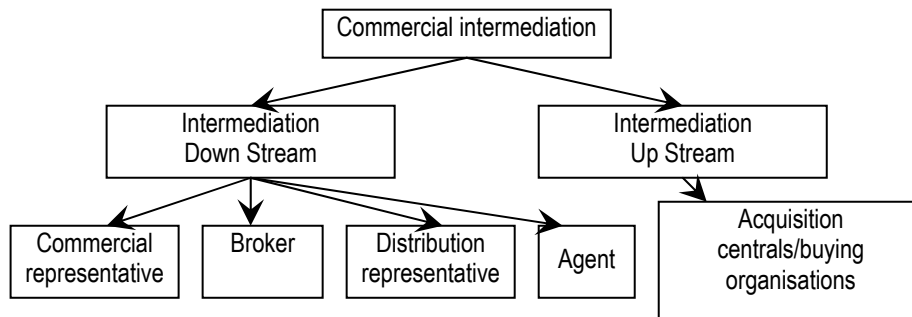


Figure 2. Formats of trade intermediation (Liebmann, Zentes, 2001, p. 368)

5. Systems of Trade Cooperation

The so-called „systems of commercial cooperation”, „cooperation”, „strategic alliances”, „strategic partnerships” or „strategic coalitions” (Liebmann, Zentes, 2001, p. 12), meaning „those long term associations of autonomous trade entities” (Tietz, 1993, p. 254) are organized as „buying cooperatives” or as „independent chains”. These are

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founded with the objective of „collective accomplishment of the own set scopes by preservation of the self-dependence and of the individual fulfillment of others obligations” (Zentes, Swoboda, 2001, p. 555). In fact, these trading groups have in common the „goods acquisition, the establishment of delivery zones, the development and promotion of the trade marks, the developing and realization of marketing activities and of special sales discount promotions as well as the central regulation” (Liebmann, Zentes, 2001, p. 283).

Such types of cooperation systems can be met either on the „horizontal” – at the exclusive level of wholesalers or of retailers – or on „vertical” one, between the wholesale and the retailing sector, respectively between the properly producers and the two types of trade (Liebmann, Zentes, 2001, p. 12). Meanwhile „horizontal” systems were built as „self benefit entities”, „vertical” ones were brought to life by wholesalers in order to facilitate „the achievement of customer loyalty and of increasing own profit margins” (Tietz, 1993, p. 283).

„Vertical” cooperation systems are probably the most attractive ones because of their complexity and dynamic. These systems were first created thanks of „the joint competitive advantage” and while they have been developed towards „the independent chains” and „franchise systems” (Liebmann, Zentes, 2001, p. 15), with the actual scope of simplifying processes and of adjusting buying and delivery activities. The most well known example of such trade chain is represented by „SPAR International”, founded in 1932 by a group of Netherlands wholesalers together with some of its „retail clients”. The objective was to „harmonize cooperation between them, so that everyone in this system could regularly take advantage of it”^{vii} (www.de.wikipedia.org/wiki/Spar; www.spar.de).

Table 6

Components of the trade chain

1. Producer	Trade by producer			
2. Retailing collector	Collecting entity of the intern trade	Intern wholesale trade	Wholesale trade	Intermediary trade
3. Wholesale collector		Exterior trade		
4. Indirect exporter	Entity of the exterior trade	Intern wholesale trade		
5. Transient		Retail trade		
6. Indirect importer	Distributing entity of the intern trade	Intern wholesale trade	Retail trade	Intermediary trade
7. Central wholesaler		Retail trade		
8. Wholesale trader				
9. Retailer				
10. Consumer	Trade for consumption/consumers			

This archetype has asserted itself in many European countries, probably due the possibility of maintaining the „local” element, by providing licenses to entities of different states that open stores with the Spar logo. Romania was entered by Spar in 2003, when the wholesaler „Astral SRL” received such a license (<http://www.spar->

international.com). Spar International owns nowadays (<http://spar-international.com/spar-thestores-1-10-15-endetails.htm>) the supermarkets „Spar” and „Eurospar”, the hypermarkets „Interspar”, the convenience stores „Spar Express”, but also „Spar Gourmet” and respectively „Hervis”¹ (<http://de.wikipedia.org/wiki/Spar#Betriebstypen>).



Figure 3. Logos used by „Spar International”
(<http://www.spar-international.com>, <http://www.hervis.at>)

At this point it should be added, that from the semantically point of view, as trade chains we can also regard traders like Metro, Rewe, Aldi, Carrefour, which have increasingly many subsidiaries. The franchise systems are found both in the retailing and the wholesale sector.

6. Food versus Non-Food Trade

If usually, when classifying trade one distinguished between the food and non-food sector, in last years, literature draws a line between the fast moving consumer goods (Metro Group, 2007, p.12) and the non-food goods. As “fast moving consumer goods” are regarded both food articles as well as those with very similar utility (near-food). Actually, we regard all those goods that are “consumed” / bought daily by costumers and whose decision is generally “spontaneously and comes as a result of a habit formation” – eatables, cleaning or personal hygiene products (Metro Group, 2007, p.118). As specific non-food products literature regards: furniture, electro products (electric, electronic, telecommunications), textiles, sanitary goods, building materials and household products (Metro Group, 2007, p.13).

¹ Unit which produces sport articles.

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Notes

ⁱ Acronym from *Prima leben und sparen*, „Live good and save”

ⁱⁱ food-service represent the possibility to eat inside this location

ⁱⁱⁱ investments in green areas, uninhabited zones

^{iv} Abbreviations: S.M. = Shopping Mall; S.C. = Shopping Center

^v **Aldi** acronym from **Albrecht Discount**

^{vi} The surface of these trade units differs from case to case. Metro, the leader in the cash & carry sector, has three store formats: Metro **Classic** (10,000 – 18,000 m²) in Western Europe, Metro **Junior** (7,000 – 9,000 m²) in Eastern Europe and Asia and Metro **Eco** (2,500 – 4,000 m²) in France, Italy and other countries.

^{vii} DE SPAR is actually an acronym coming from „**D**oor **E**endrchtig **S**amenwerken **P**rofiteren **A**llen **R**egelmäßig” which could be translated into English as „everyone could take regularly advantage from a harmonized cooperation”.