BOOK REVIEW

HANDELSMANAGEMENT (RETAIL MANAGEMENT)

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Published in one of the most prestigious German publishing houses Vahlen in 2008, the second edition of "Retail Management" includes not only a third author (Bernhard Swoboda) as a recognition of his scientific work and writings, but also a tremendous improvement of the scientific content. Furthermore, this edition offers a consistent update by new practical examples, case studies and research overviews in each chapter. The present work is even more valuable due to the dual approach of retailing, commerce or trade — both from the management perspective and especially from the marketing one. As a matter of fact, the work of the three authors is nothing else but a sustainable and comprising approach of all management activities of a retailing company, which a-marketing and management specialist has to know in order to adequately steer a retail company. The quality of the book is also underlined by about 1,200 used literary sources. The majority of them are Anglo-American one.

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The scientific knowledge presented on more than one thousand pages addresses retail management specialists concerned with retail, as well as suppliers and other partners in the supply-chain. The student is also taken into consideration, the work containing enough explanations and examples from practice in order to facilitate comprehension of the different concepts of retailing. Furthermore, the interested practitioner, too, is not forgotten, the material being structured in a systematic way including research overviews and case studies at the end of each chapter.

The book treats the retail challenges both, in its width and its depth and succeeds in offering a unitary and overall perspective of this topic. In fact, each of the six chapters could constitute a book on its own. That is why we go on by presenting the chapters and the subject discussed, adding the number of pages:

1. Basics, delimitations and theoretical approaches (pp.1-116);

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2. The spectrum of competitive strategies (pp.137-358);
3. Dynamic of the evolution of trade and retail formats (pp.369-438);
4. Options in retail marketing mix (pp.447-644);
5. Arrangements of the Supply Chain (pp.659-763);
6. Concepts of management and leadership (pp.777-899);

As a novelty, “Retail Management” offers detailed explanations of a great number of citations (more than 2,300), while hundreds are based on the authors’ publications. Most of these are explained in studies and papers of the last five to ten years. Regardless of what new concepts we talk in Retail Management or Retail Marketing literature, such as “Data Warehousing”, “Data Mining”, “RFID”, “Customer Relationship Management”, “Bundles and Bundle Pricing”, “Retail Brand” or “Store Image”, “Going International” versus “Being International”, “Automatic Replenishment”, “Category Management”, “Collaborative Planning, Forecasting and Replenishment”, “Corporate Social Responsibility”, “Fast Fashion Retailer”, “Inside-Out-Perspective” versus “Outside-In-Perspective”, “Management by Exception” versus “By motivation”, “Open Air Strip Centre” versus “Urban Entertainment Centre”, “Outsourcing” and “Overstoring”, all of them really contribute not only to a much better comprehension of the book, but also allow the reader to easily look up these concepts.

We can also notice the width and profound aggregation of some technical concepts that are often at the borders of management, marketing or retailing.

On the whole, the authors establish the relationships and interdependences between the different components of the supply-chain in retailing, by combining both different marketing and management approaches. Another strong feature of the book is a consequent theoretical foundation of all chapters and provides subjects.

Chapter 1 offers after a short introduction into the subject of retailing, definitions and retail history the reader a systematisation of the field according to different characteristics (functional versus institutional retailing, retail versus wholesale, domestic trade versus external trade, cooperation systems in distribution systems). In the first chapter, the authors also describe the marketing environment factors that are specific for retailing firms which have always direct contact to consumers. They focus especially the political-legal, the socio-economic and the technological environment and their implications for retail firms. Furthermore, they show current developments in Austrian, German or Switzerland. The authors take account of the immediate economic environment of the retail partners (contractors and especially customers) and their actual and potential competitors, both in a national and international context. In this framework they also treat through the sustainable development the convergences and divergences imposed by the settlement and the processing of different target segments, as well as the upstream and downstream integration as a strategic direction of the retail firm.

Furthermore, the authors addresses theories, approaches and models in retailing, like decision based, behavioural and interpretative theories, as well as the perspectives of institutional economics. Moreover, they discuss the trade firms’ orientation toward stakeholders and shareholders, but also the processes orientation of retailers. The chapter ends with an ample case study regarding the biggest German and the third biggest retailer in the world, the Metro AG. After a short presentation of Metros activities, business units and of its management system the authors describe the company’s management systems and stake- / shareholder
orientation. They also offer a detailed approach of the marketing environment divided on retail formats: Metro Cash & Carry, Media Markt / Saturn, Real, Galleria Kaufhof. The case study is inspiring insofar as it also discusses processing strategies of the marketing environment and offers several practical recommendations that are possible to be followed, respectively potential directions for improving its activity.

Chapter 2, suggestively entitled “The Spectrum of Competitive Strategies in Retailing” seems to be more complex and also more complete than some specialized textbooks in this field. After a history on strategies, this chapter offering a typology of corporate and competitive strategies as well as the 10 Schools of Thought of Management or Strategy Research. The authors lay emphasis on positioning and profiling strategies first. A focus is set by the work of Porter (strategies aiming at quality and costs / price) but also the work of Mintzberg or Miles/Snow. Furthermore there is emphasis on several specific strategies in retailing, like convenience orientation in food retailing, fashion orientation and of the vertical integration of fast fashion retailers, or the outpacing strategy and the multi-channel-strategy successfully applied for example by Coop (Switzerland), Tesco (United Kingdom) or Wal-Mart (United States).

Retail Brands are considered as an integrative approach described in many empirical studies published in ISI-indexed journals or in leading International Retail Journals (European Retail Digest, International Journal of Retail & Distribution Management; International Review of Retail, Distribution and Consumer Research; Journal of Retailing and Consumer Services; Journal of Retailing; Service Quality Journal) as well as always presented in worldwide leading marketing conferences (like American Marketing Association Winter and Summer Educators Conferences, World Marketing Congress of the the American Marketing Science, Annual European Marketing Conference and so on) also by the authors. Then, differentiation strategies towards suppliers, owners and investors and toward employees are pointed out and also several specific forms of the strategies used by wholesalers are brought to the reader’s attention.

Taking into consideration the fact that retail companies may also use further competitive oriented strategies besides the positioning and profiling ones, the authors also deal with:

- Growth strategies as founding subsidiaries, franchising or mergers & acquisitions;
- Internationalization with the steps choice of the foreign market, the market entry strategy and failures/divestments. The authors also discuss clearly the advantages and disadvantages as well as the dynamics of adaptation of marketing mix to foreign markets.
- Cooperation strategies in the form of alliances between retailers and between retailers and suppliers in the supply-chain.

Such an approach of strategies cannot be complete without considering the strategic systems and the planning methods. These are treated by the authors under several perspectives. The end of this chapter presents a case study of the Douglas Group, the leading European cosmetic retailer. Detailed descriptions of the strategies used by the retailer are given and the implementation of the strategies is addressed.

Chapter 3 include a rigorous systematization of trade formats used both by retailers and wholesalers. First, the authors describe the evolution of commerce formats, as stated by
several theories, such as the life cycle theory applied to retail or the teleological, dialectical and evolutionary process theories. From the plurality of wholesale formats, the authors step to the most significant categorisation criteria (assortment wholesale, specialized wholesale, distribution wholesale, cash & carry, rack jobbers or wholesale through storehouses). In detail the categorisation option of retailers are presented. The authors classify retailer according to the for example specialization, the assortment, the size and the location. The authors give a detailed description for the German and the European case of non-food formats and specialized stores, luxury stores, boutiques or universal stores of different sizes. In the second sub-category food and near-food retailer are addressed including supermarkets, hypermarkets, discounters, convenience stores and drugstores. Within the last sub-category they the non-food units (retail warehouses, category killers and kiosks) as well as new retail formats are discussed (off-price stores, factory outlet, retail by vending machines, ambulant retailing, catalogue retailers and electronic retailers).

In the same chapter the authors describe modern retailing tendencies. Firms focus new locations like shopping centres outside the traditional cities, airports or railway stations. New retail districts within cities are also developed together with restaurants and public services. An appropriate case study is the Swiss second biggest retailer Coop Group that developed successfully in Switzerland. The case study refers only, but to various retail formats run by Coop in food and the non-food sectors. The data are up to date.

Chapter 4 discusses the retail marketing mix under eight instruments: assortment, location, private labels, service, price, communication, in-store-management and customer policy. Each of the corresponding retail marketing mix instruments are seen with respect to their objectives, functions and determining factors. The focus is on:

- **Assortment**, with specific dimensions, assortment variation modalities (including new articles or eliminating existent ones), category management or the development of assortments varying with types of clients, suppliers, goods origin and competition;

- **Private labels**, focussing on relations of manufacturers and traders, the advantages and condition of implementing and managing this own brands of each retailer;

- **Price**, were specific instruments used by retailers or wholesalers, like price differentiation or bundling, special offers, price constancy in time, referential prices, or the price conditionings (rebate, discount financing or the delivery and payment conditions);

- **Communication** with it’s the traditional forms (advertising, public relations, direct communication, sponsoring, event marketing, personal selling or sales promotions), or some new forms (mobile marketing or online marketing) that are getting more and more popular;

- **In-store-management i.e.** all activities that give the customer the feeling that shopping is fun and a pleasant use of spare time and even an adventure. In-store-management also means the ways according to which the selling space can be arranged, so that it convenience to shop and at the same time increasing profits for retailers;

- **Customer policy** addresses the different measures by which customers can be bound to the retailer (e.g. client cards, bonus point programs, client clubs, partnership...
networks or complaint management) and including customer relationship management and satisfaction.

The chapter ends with a case study of bauMax, the leading Austrian furnisher retailer, where the eight marketing policies are presented and some recommendations for their application are given.

Chapter 5 deals with the flows of goods, information flows, property rights, and money, but also with the partners (clients, manufacturers, logistic providers, banks and other service providers) involved in the supply-chain of retailers and wholesalers. In addition to the detailed description of the two basic concepts of the value chain strategies (push and pull strategy), the authors consider three types of processes, i.e. logistics (storage, transport, logistic systems), procurement (in the firm’s own behalf or by agents, national versus global, independent versus cooperative activity, oriented towards cost or price, conventional versus virtual buying) and information regarding goods and information logistics (integration of commodities management systems, analysis of data banks). It follows a discussion of both the internal (efficiency and effectiveness of an organization) and external (supplier performance evaluation) value chain which again is completed by a case study about the worldwide biggest fashion retailer Zara and its integrated (unique fast fashion) business processes and value chain activities, including only few processes as design, supply Chain management, and sales management which could be used to develop a collection and to supply them into the stores worldwide only in two weeks. This company is able to produce over twenty collections in only one year, what has the consequence, that consumers perceive the offers as actual and new.

Chapter 6 discusses aspects of retail management and leadership namely the management concepts of retail firms. After a brief overview of the organizational types of trade firms and the intra- and inter-organisational structures in trade the authors go on with a managerial approach of human resource management in retailing. The HRM is then explained on the base of motivational theories, styles of leadership, management by concepts and concepts of entrepreneurial culture at a national and an international level. A significant amount of space of this chapter is dedicated to controlling in retail firms (especially the costs oriented, sales oriented and business unit specific controlling (e.g. personal, logistic, assortment). Never controlling instruments as benchmarking, target costing, balance scorecard, performance measurement or shareholder-value-approaches are discussed.

A sustainable development is treated on the base of knowledge management and the concepts of individual and organizational learning. In addition to a detailed description of the levels and types of organizational learning processes, their limits are discussed. Finally, innovation management and processes management specific to retailing are discussed under the perspective of sustainable development and management of a retail company. The last case study is focused mainly on the human resource strategy for the European leading dm-markt drugstore, one of the most productive retail firms, which has to be adapted in the context of sustainable development within a constant changing environment. The corporate philosophy and the human resource strategy are addressed.
All in all, the book combines theory and practical aspect in a very neat way thus addressing students and researchers as well as practitioners. The case studies at the end of each chapter clarify the previous more abstract discussion. We appreciate the effort of the authors to provide strategic recommendations for retailers. Therefore we decidedly recommend reading the book to everybody who is concerned with the subject.

The cooperation between Hans Peter Liebmann, (left photo), former Director of the Institute for Retailing, Distribution and Marketing of the University of Graz (Austria) and Joachim Zentes, (right photo), present Director of the Institute for Retailing and International Marketing of the Saarland University in Saarbrücken has lasted for almost twenty years. They are well known in professional circles by the annual publication of the „Handelsmonitor“ (Retail Monitor). This publication offers an overview over the present tendencies in European Retail. The thirteenth Edition of the Retail Monitor from 2009, focussing on the „Internationalization in Retailing” was edited by the younger colleague of the two scholars, Bernhard Swoboda, Owner of the Chair of Marketing and Retailing of the University of Trier, Germany.

All three authors are profound researchers and have broad knowledge in projects with retail companies. They have published quite a few articles in distinguished European and American journals. Furthermore, they also publish or have edited books and text-books at leading German publishing houses, such as Deutscher Fachverlag, Gabler, Schäffer Poeschel, Springer or Vahlen.