

## Chapter 2

# The Evolution Tornado Retail

**Bernd Hallier**  
*EHI Retail Institute, Germany*

### ABSTRACT

*Retail has changed dramatically within a period of the last 60 years. Most obvious for the consumer is the physical outlet, which has developed from a small-size Mum and Papa service store to big hypermarkets as a self-service offer. While the assortment just after World War II consisted only of basic food, during the next decades the product-range exploded due to more and more convenience for the consumers and a broad segmentation of tastes, package-sizes and me-too-choices. The Western part of Europe became an affluent society.*

*Less seen by the consumers but more by the experts and some dedicated academics is the change of the backstage in retail. The strategic tool to cope successfully with mass-distribution was the introduction of IT-systems in the 1970s. The key to control the flow of the individual product was the product-bar-code used by scanner at the cashier – later also enlarged by chips to control by Efficient Consumer Response (ECR) all the Total Supply Chain.*

*No attention at all was paid to the evaluation of philosophies offered by the steady upgrade of retail-technologies. While the period 1970/80 was still the push period, when the consumer industry wanted to push the penetration of its products the outlet was the “point of sales” (POS); in the 90ies due to ECR the outlet was rediscovered as the “point of purchase” (POP) with the buying decision and shelf-optimization as a central point; in the last decade big players like WalMart, ALDI, REWE pushed their outlets to be the “point of differentiation” (POD) to gain a Unique Sales Position (USP) in the market. The next big “technological jump forward” will be the intertwining of Facebook, YouTube, and Twitter with new media of retailers. Consumers can gain much more impact onto the listing of products, onto services within a store. It might be the time when the outlets become a “point of consumers” (POC) again.*

DOI: 10.4018/978-1-60960-738-8.ch002

## INTRODUCTION

Production, distribution and consumers can be defined as a Total Supply Chain, which is one of the most penetrated academic and operational views at the moment – but it mostly describes only the status quo or is a version of technical cooperation between suppliers and distributors (retail industry).

Not yet deeply analyzed is the evolution of production, distribution and consumer as a sustainable evolution over longer time-periods reflecting the introduction of a joint development of those three stakeholders. Innovation-cycles mostly do not emerge separately from one string of those three stakeholders alone, but are in a permanent interaction of influence. Only if this interaction between those three players is successful, then the market will experience a new wave of innovation.

The parameters of this thesis is the history of innovation of the total supply chain in Western Europe; time-cycles in America, in Southern Europe, South East and East Europe are different – for example due to consumer behaviour or simply due to the fact that in the former communist countries modern thoughts could only enter after the lift of barriers between East and West.

The contribution is not aimed to reflect the scientific literature of this academic field but focuses applied science pushed by the author in its 25 years function as a Managing Director of the ISB, DHI and EHI research-institutes and additionally as President of the world leading exhibition for retail-technology “EuroShop”. The background of today’s EHI are more than 2,000 experts of the Total Supply chain exchanging their know-how and creating standards. Subsidiaries of EHI are among others GS1 Germany (50 percent), Orgainvent (50 percent) and GlobalGAP (100 percent).

## BACKGROUND

### Innovation Waves

In macro-economics Nikolay Kontratjeff was the first to describe innovation waves/cycles (Kontratjew, 1926); on the company-level it was A. Schumpeter who analyzed the life-cycles (Schumpeter, 1961). In between is the retail industry as a segment of a national/international economy – the first descriptions of 25-year-long cycles starting from the year 1800 were described in 2004. After World War II those innovations had been in roughly 1950 the introduction of self-service/supermarkets, in 1975 the shopping centres and category killers like IKEA, ToysRus and in the year 2000 the internet with B2B and B2C (Bauer and Hallier, 1999; Hallier, 2004).

That rough pattern of course can be broken down into more detailed facets for the total retail industry – also as a bench-mark for the individual company performance.

### The Mum and Papa Service Stores

For Western Europe a new Chapter of Innovation in retail started after World War II. (ISB, 1988; Hallier, 2001; Hallier, 2004).

The 50ies of the 20th century in Germany for example the characteristics of the food sector had been:

- stores belonging mainly to consumer’s cooperatives
- with very atomistic influence onto the suppliers mostly in walking distances of some minutes for the consumers
- organized instore in service concentrating to pack sugar, beans, butter, margarine from bulk-delivery into the quantities demanded by consumers
- with a limited assortment of roughly 200 products

13 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/evolution-tornado-retail/54384](http://www.igi-global.com/chapter/evolution-tornado-retail/54384)

## Related Content

---

### The Role of Relational Mediators in the CRM-Performance Link: Evidence from Indian Retail Banks

Chandrasekaran Padmavathy (2013). *International Journal of Customer Relationship Marketing and Management* (pp. 21-35).

[www.irma-international.org/article/role-relational-mediators-crm-performance/77370](http://www.irma-international.org/article/role-relational-mediators-crm-performance/77370)

### Gender Depictions in TV Advertising in the Gulf: Any Sign of Change?

Ali Khalil (2024). *International Journal of Customer Relationship Marketing and Management* (pp. 1-15).

[www.irma-international.org/article/gender-depictions-in-tv-advertising-in-the-gulf/336842](http://www.irma-international.org/article/gender-depictions-in-tv-advertising-in-the-gulf/336842)

### The Reality of Financing Small Tourism Firms: The Case of Indian Tourism SMEs

Javed Hussain, Navjot Sandhu, Hatem El-Gohary and David J. Edwards (2020). *International Journal of Customer Relationship Marketing and Management* (pp. 64-80).

[www.irma-international.org/article/the-reality-of-financing-small-tourism-firms/243432](http://www.irma-international.org/article/the-reality-of-financing-small-tourism-firms/243432)

### An Exploration of the Effect of Customer Relationship Management on Organizational Performance in the Banking Sector

Jalal Rajeh Hanaysha and Khawaja Khalid Mehmood (2022). *International Journal of Customer Relationship Marketing and Management* (pp. 1-16).

[www.irma-international.org/article/an-exploration-of-the-effect-of-customer-relationship-management-on-organizational-performance-in-the-banking-sector/282716](http://www.irma-international.org/article/an-exploration-of-the-effect-of-customer-relationship-management-on-organizational-performance-in-the-banking-sector/282716)

### The Antecedents and Consequence of Customer Relationship Management Performance: A Preliminary for Structural Equation Modeling

Samsudin Wahab (2012). *International Journal of Customer Relationship Marketing and Management* (pp. 43-55).

[www.irma-international.org/article/antecedents-consequence-customer-relationship-management/63039](http://www.irma-international.org/article/antecedents-consequence-customer-relationship-management/63039)