

Chapter 9

Retail Formats and Alternative Retail Formats: The Mechanisms for the Emergence and Evolution

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ABSTRACT

This chapter explains the mechanisms for the emergence of selected innovative formats based on existing format change theories. The nature of a retail format is explored and the classification both of retail formats and alternative retail formats are presented. Four groups of theories (cyclical, conflict, environmental, and integrated) explaining the emergence and evolution of retail formats are analysed. Retail formats theories are applied in explaining the emergence of two formats: pop-up store and m-commerce. The approach involved a review of literature and analysis of empirical data concerning the structure of the retail trade turnover in the chosen countries.

INTRODUCTION

A retail format is one of the fundamental concepts in the retail sector, being a synthesis of the marketing strategy of a commercial company. The choice of retail format determines the choice of enterprise resources which are necessary to perform the sales function. Thus the decision regarding the choice of format by means of which a company operates on the market is one of the fundamental decisions that a retailer has to make, and it has far-reaching consequences (Dragun, 2004, Yu and Ramanathan, 2008). The retail formats which exist today are characterised by unprecedented variability: new formats are appearing, existing formats are evolving, and their life-cycles are becoming significantly shorter (Davidson et al., 1976, McGoldrick and Davies, 1995). Alternative retail formats are a very special group of formats, focused mainly on selling used products or products. Some of them have been existing for

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decades but due to the growth of the environmental concern they gain a higher interest and visibility at the beginning of 21 century (Yan, Bae and Xu 2015, Ferraro, Sands, and Brace-Govan, 2016).

The aim of this chapter is to explain the mechanisms for the emergence of innovative formats on the basis of existing theories of format change. Therefore, the chapter presents the conceptualisation of a retail format, classifications of both retail formats and alternative retail formats, a critical analysis of the four groups of theories relating to format change (cyclical, conflict, environmental and integrated theories), as well as the mechanisms for the emergence of new formats based on the examples of pop-up stores and m-commerce. In order to explain these phenomena an integrated theoretical approach has been adopted.

CONCEPTUALISATION OF A RETAIL FORMAT

The Nature of a Retail Format

The need for clarifying the nature of a retail format stems from the fact that there is some ambiguity regarding the interpretation of this notion in the scientific literature (Reynolds et al., 2007). As a starting point for the conceptualisation of a retail format the essence of the product of a retail company must be explained. This product is a service, and the basis for the service is a set of goods, which is the range of products on offer. This means that a **retailer's product** is a service which is based on a set of products originating outside the retail sector. Essentially, it is the service element that provides the added value generated by a retail company (Dawson, 2000). This product is intended for two groups of recipients: the basic, traditional group of buyers being consumers; and the second group of recipients being producers. To individual customers a retailer offers access to goods manufactured in a variety of sectors, i.e. it offers in one place a bundle of relationships between the retailer and manufacturers (usually numerous, though this is not a necessary condition). To producers a retailer offers access to individual consumers in the form of a bundle of relationships with individual buyers (Walter et al., 2001). In other words, the essence of a retailer's product is offering usability in the form of access to manufacturers (and in the case of producers – access to consumers) whose products are offered to the consumer in a convenient form in terms of configuration, location, time and volume, with favourable terms of service and payment (in the latter case convenience ought to be treated as the result of the competitive situation in a given sector, which depends on the number of participants and the intensity of competition).

A **retailer's product**, when considered structurally, has a very complex nature: it is defined by a number of components such as the form of the product assortment (in terms of dimensions such as depth, width and the criteria for its creation); and the conditions in which it is offered (location, time, presentation, range of services, price level, forms of payment, how customers receive goods). This product meets two types of buyers' needs. The first type are needs which to be satisfied require a product from the product range of a shop. The other type of needs are to a large extent independent from the product assortment of a shop. These are social, symbolic, educational and aesthetic needs as well as needs connected with spending leisure time, either by doing shopping itself or by taking advantage of an 'entertainment package' offered especially by shopping centres (Fiore and Kim, 2007).

The considerable complexity of a retailer's product means that, taking into account the actual transactions between a retailer and a customer, the product is highly individualised, which is typical of service products. On the other hand, it is essential to ensure mass (and also economical) access to goods, which prompts retailers to standardise products. An aggregated and standardised designation for the product/

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