HOW RETAILING HAS CHANGED?
WHAT MARKETING DID FOR THIS CHANGE?

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Abstract:
Retailing is carried on by those business which sell goods to the final consumer. The obvious example is provided by the shops we all know and deal with. The retailing stage, therefore, is the one where goods reach the end of their journey from the manufacturer. This does not that in those instances there is not retailing. The manufacturer or wholesaler who sells direct to the consumer is acting as a retailer; he adds retailing to his other activities. What ever channel of distribution is used, the retailing function always exists. In the past almost all retailers confined their activities to retailing; they did not combine it with other activities. These we can call "traditional" retailers. The functions of the traditional retailer where/and are: they break bulk into saleable portions; they put the goods in a saleable condition; they make goods immediately available to consumers; they measure consumer preferences. But the times have changed! In the "new" retailing the retailer provides a long range of services to whom he sells and to those from whom he buys. We'll have in mind in this paper the refrigeration engineering and the "artificial cold", the creative services at the point of sale (POS), the POS marketing, the marketing activities a the point of promotion (POP), the international diversity. In recent years most retail businesses tend to grow, and the statistics proves this, as it is shown in the paper.

Keywords: retail industry, point of sale marketing

Cold means fresh

Food retailing and refrigeration engineering entered into a firm bond decades ago. The invention of "artificial cold" by Carl von Linde at the turn of the twentieth century permitted offering whole new lines of products in the general stores and butcher's shops. The post-war "economic miracle" years gave rise to a second boom. The advent of refrigerators to private households changed daily nutrition habits; the consumption of bottled drinks, milk products and food requiring cooling rose appreciably. In stores, the length of the service counters grew, refrigerated display cases became focuses of attention [2].

The decline of the corner shop and the steady advance of the supermarket with self-service facilities led to far-reaching changes in the European food retailing business in the late 1950s. New refrigerating cabinet types for presenting the increasingly larger assortment of foods requiring cooling were in great demand. Europeans got their ideas from the American market with its many large-scale stores and malls. A note made on a journey during that period sums up the main features of this equipment generation: "Trim strips to catch the eye, a uniformly modern style, self-supporting all-metal structures, absolute dimensional accuracy, circulating air cooling, adjustable decks and removable floor panels."

Refrigerating cabinet design became more and more important. The German designer Count Albrecht Gortz undertook in the mid-1960s to design the cabinets so that they effectively emphasized the goods. He devised designs with straight and simple lines. The cabinets made a more solid and trustworthy impression, which rubbed off on the merchandise. However, even for Gortz the choice of colors still was determined by the Corporate Design of manufacturer and not the supermarket operator.

To make the refrigerating cabinets stand out, Count Gortz built all models on legged bases. This enhanced the overall visual impression, the furniture appeared more elegant. This style persisted through the mid-1970s.

The refrigerating cabinets displayed at EuroShop 1978 took a new approach to sales presentation and featured a new air ducting technology and temperature control along with a functional and variable design. Attention centered on functionalities such as reliable refrigeration, easy cleaning and care, service compliant design, and easy assembly inside the store. The product range of the major manufacturers meanwhile comprised some 20 refrigerating cabinet types for specific merchandise categories, alternatively for horizontal or vertical presentation.

Common to all models of this period was the"panorama presentation", i.e., the merchandise dominated optically and was offered openly. The cabinets and cases were deemphasized as much as possible. The ergonomic shape permitted close contract between the consumer and the goods. trim panels and decorative patterns were new optical elements. Efficient, energy-saving refrigeration was achieved by laminar airflow featuring optimal temperature distribution. An electronic defrosts and temperature control guaranteed merchandise-specific refrigeration.

As food retailers increased their efforts in competition to distinguish themselves from others, the interest in individual store design grew. The design line shown at EuroShop 1987 featuring "wrap-around side walls" and exchangeable front panels for that special decorative effect proved to be a real trend-setter. Completely devoid of all the previous style elements adopted from America supermarket furnishings, here the standards of a new cabinet generation crystallized, later commonly referred to in the USA as" European Design".

When the effects of CFCs (chlorofluorocarbons) on the ozone layer and climate became known in the early 1990s, innovative refrigerating cabinet manufacturers systematically searched for ways to use environmentally friendly materials during the production process. They also switched over to environmentally friendly partially halogenated fluorocarbon refrigerants like R404A. Parallel to this they tested the use of natural hydrocarbons as coolants in refrigerating systems.

The refrigerating cabinets of the 21st century have attained high levels, technically and optically, owing to persistent research and development and close collaboration with food retailers, whose wishes in respect of engineering and design have entered into the product. Modern refrigerating cabinets afford an optimal, non-dazzling view of the goods, allow consumers to step right up and actively take hold of the goods, have a high productivity per unit are and adapt in shape and color to the store image. Low energy consumption and reliable temperature control are indispensable in the age of rigorous HACCP (Hazard Analysis and Critical Control Point) concepts.

More and more retail enterprises rely on computer aided data and control systems .They monitor all refrigerators and freezers in a store online and report any malfunctions to the store manager or a service centre which classifies the fault and automatically initiates steps to eliminate it. High- tech also offers an innovative system concept for productprotecting defrosting in which the compressed gas of the condensing units is used to defrost the evaporators at regular intervals. This defrosting process, gentle to the merchandise, not only complies with the hygiene requirements of the inspecting authorities, it also features about ten percent lower energy consumption compared to electric defrosters.

As regards the trendy topic of "merchandise worlds", among the manufacturers of premium as well as private brands there is a growing tendency to take their product lines out of the general cold shelves and offer them in a separate refrigerator cabinet. This merchandiser is then adapted to the Corporate Design specifications of the branded article manufacturers with illuminated display tops, adhesive foil, design elements, special colors and special accessories. Light, sound and scent effects can further enhance the attention-getting factor.

Freshness-cum-convenience, wellness, ready-to eat and ready-to-heat are further trends of our day. Fewer and fewer people cook for themselves at home, the number of singles households has increased; greater store is set upon good, trustworthy food quality. The store opening hours have expanded greatly compared to 1960s, and from the original corner store different distribution outlets and formats have developed which in some cases ensure a supply of basic foods around the clock.

All in all, consumer lifestyles have changed greatly over the past four decades and with them the product assortments of food retailers- an evolution made possible not least of all by always up-to-date refrigerating cabinets which can be said to attain perfection when one no longer is aware of them.

Creative ideas at the point of sale

Limited to bargain offers in the 1906s, POS sales promotion today encompasses sophisticated marketing strategies incorporating the use of electronic media.

Few things irritate customer more than not finding an expected product in the accustomed place in the store. Customers hate it just as much to buy alleged bargains which turn out later to be no bargains at all. It has been this way since sales promotion came into vogue, not just since today [4].

A recent survey reveals the topics that determined POS marketing in 2003:

- stronger customer appeal
- fewer mark-down and bulk sale actions
- more topical and informative marketing
- innovative products and lifestyle offers
- orientation to target groups
- merchandise theme-borne second placement
- customer loyalty schemes

How have POS sales promotion actually changed in the past 30 years? Price is making rules retailing since the 1960s. It is used to be volume-based bargain offers that no one could resist. Today, the competition between distribution systems, in particular the trend to discounting, calls for more sophisticated measures.

The retail industry has an extensive range of classic and electronic advertising media at its disposal for sales promotion purposes today. As for the classic media, the good old handbill is still all-important. The classic information media inside the outlet are danglers, shelf talkers and extenders, and announcements; they are complemented by the burgeoning electronic media. Outside the outlet they are supported by advertising in daily newspapers and television commercials. A distinctive product mix strategy, the service factor and the pricing, by which retail chains increasingly strive to position themselves as brands, are important means of distinguishing one self from other retiling systems and discounters today.

The prerequisite for success at the POS is perfect logistics. In a superstore as many as 250 pallets per week are moved. Even a supermarket needs quarter pallets of cardboard displays to keep up in the volume business. This requires that the flow of goods from the central warehouse by sales pallet or skeleton box function perfectly. The basis for this in turn is the standardizing of this transport equipment by specialized institutes, manufacturers and retailers; the drivers of this development were and are institutes like EHI. In terms of logistics, the Europallet, Düsseldorf pallet or Schab pallet today are indispensable for participating in volume-based competition as a producer of branded articles.

But volume alone no longer suffices today in classic retailing. The customer- and demand- oriented marketing of offers is important. Since the beginning of the 1990s, retailing finds itself in an intensifying ruinous competition between systems. 30 percent excess selling space and the growing trend to discounting as a result of the decline in spending of spending power are two of the new conditions prevailing since then. More and more, consumers manifest a hybrid buying behavior wavering between absolute economizing and spontaneous, pleasure-driven spending.

Consequently, creative marketing planning also involves guiding- and luring-the consumer: he needs and seeks occasions to spend money for specific purpose. You have to give him ideas. Seasonal marketing planning is one aspect of this. Depending on occasion it can generate anywhere from 15 to 40 percent additional sales. In terms of content, this marketing strategy can implemented in the form of special offers or the presentation of the merchandise themes or competency themes.

The marketing focuses are planned and differentiated as to:

- traditional occasions like Easter, Whitsun, St. Nicholas' Day and Christmas ;
- additional occasions created for commercial reasons, such as Valentine's Day, spring and Halloween;
- merchandise-specific marketing occasions like the barbecue season, first day (back) at school, etc.

What new demands do retailers and manufacturers face in POS marketing and sale promotion? Primarily, more creativity is required of sales promotion, which must be geared to the reality of the target groups. As starting point one must take the consumer attitude which can be described as: critical, self-aware, fast-moving, more sensitive, more "in command", more curious, hungrier for information, more restless.

The new media, consumption and buying habits of consumers as well as the growing breadth and depth of product categories and lines call for new loyalty and experience-building techniques and make it necessary for customers to "concern themselves" with the new media.

These new "active involvement techniques" are:

- interactive communication systems at the POS and at home (info numbers, CD-ROM);
- new dimensions of product presentation by multimedia, commercial shows;
- thematic marketing campaigns with emotional appeal which impact the consumer in fields of interest to him (leisure, vacation, sports, family);
- target group-focused events, joint promotions related to specific occasions;
- customer loyalty schemes involving club/customer cards and loyalty bonuses, couponing;
- new POS placements which create a stage for products and afford

- a new experience.

As to the new sales promotion media, online systems will become the basis for networked interaction between manufacturer, retailer, POS and the specific sales activity. Promotion and product dialogues thus expand into cyberspace.

In the early 1960s, the emphasis was on making bulk offers available at attractive special prices; in the course of the last 40 years, sales promotion has developed into perfect, structured marketing in which nothing more is left to chance.

From the point of sale to the point of promotion

Nowhere else in marketing and communication do the needs and interests of market members, the manufacturers, retailers and consumers; converge in such concentrated fashion as at the point of purchase.

The point of purchase is long since more than just a point of sale. The moment of truth comes at the POP: here the customer enters into direct dialogue with the brand, and here, and here alone, by buying or not buying he decides the success and failure of all sales efforts of the manufacturers and distributors. POP marketing is strictly geared to the shopper and his needs and is one of the most effective instruments in the struggle to gain the customer's attention.

This profound change and the communicative potential of POP marketing obviously are being increasingly acknowledged: price sings and danglers prevailed yesterday; today POP work relies on strategic thinking, holistic concepts and thoroughgoing implementation at all levels. For viewed as a process, POP marketing, like classic advertising, can be employed as a strategic tool for brand-building. POP marketing thus should be a part of the marketing mix!

For years POPAI has actively endeavored to strengthen the dialogue

between the market participants on the national and international levels. Euroshop is a most valuable and important platform for this purpose, not only for POPAI but for the entire sales promotion sector.

International diversity

POS marketing has always been an important building block of brand communication, and that is something we have been stressing for over ten years in our magazine 'display'. The attention the POS enjoys from a marketing point of view, not only in German but of late also in the whole Europe, is continuously increasing under the influence of several factors. Indeed, as an interface with the consumer the POS takes a particular significance. The European industry of branded goods has realized that a sharp brand profile creates a competitive advantage, which, however, still has to be communicated right onto the point of sale. European retail is also aware of the fact, that an experience-oriented staging at the POS is worthwhile. Clearly, the consumers' purchasing restraint has put pressure on the retail trade to invest in its points of sale.

The enlargement of the EU towards the east constitutes, on political scene, a catching-up exercise of what is already reality on the economic level. Many companies, whether in Eastern or Western Europe, already boast a European approach. Synergy and co-operation are sought after, found and implemented. The consumers in the East European countries have gained a new mobility and show an enormous appetite for brands that aren't state-controlled.

Table 1

The "Top 20" European Retail Companies in 2004

Rang	Retail company	Country	Main source of revenue	2003	2004	Turnover (b=brut, n=net)
1	Carrefour	FR	Food	70,5	72,7	n
2	Metro	DE	Food	53,6	56,4	n
3	Ahold	NL	Food	56,1	52,0	n
4	Tesco	GB	Food	44,5	49,5	b
5	Rewe	DE	Food	39,2	40,8	n
6	ITM	FR	Food	39,5	38,0	b
7	Edeka	DE	Food	31,2	31,6	n
8	Schwarz-	DE	Food	25,5	31,0	n
9	Auchan	FR	Food	28,7	30,0	n
10	Spar	NL	Food	26,8	27,5	b
11	Leclerc	FR	Food	26,9	27,2	b
12	Tengelmann	DE	Food	26,6	26,8	n
13	Pinault-Printemps Redoute	FR	Wholesale	24,2	24,2	n
14	Casino	FR	Food	23,0	23,2	n
15	Sainsbury	GB	Food	24,8	22,8	n
16	Asda (Wal-	GB	Food	17,5	20,1	n
17	Delhaize Le	BE	Food	18,8	18,0	n
18	Systeme U	FR	Food	13,8	14,7	b
19	El Corte Ingles	ES	Food	14,1	14,5	n
20	Otto	DE	Mail trade	18,2	14,4	n

**Estimate*
[1] European and AELS supermarkets
[2] Supermarkets and simmilar supermarkets
Source: European Retail Institute, Köln, 2005

This, of course cannot hide the fact that, even now, Europe still presents many different facets and that it will perhaps take another generation before there can be any talk of a "unified European spirit". As far as marketing strategy is concerned- in the branded goods industry as well as in retail, which in many cases has become a propriety article also- European thinking is already becoming commonplace. The trick is, however, not to underestimate the local factors, even when pursuing an all-embracing strategy. Whether in France, Poland or Hungary, the POS should continue to convey a sense of nearness to the customer. I think that, in the near future, we'll see a lot of examples of advertising at the POS, which will form part of a European marketing strategy but which, in addressing the customer, will by no means neglect the local aspects. I am looking anxiously forward to the next Euroshop in February 2005 to see how the international companies will present themselves before that particular back-ground.

POS – marketing

The POS (point of sale) increasingly takes a central position in retail marketing. After all, 70 percent of all purchasing decisions are made at the POS. Both trade and industry must heed to such customer behavior if they don't want to be outpaced. New media and techniques constitute the turbo-engine which creates unseen speed and precision.

Since the turn of the century, the professionalism of the systems has improved considerably, whereby tried and tested concepts from the USA served as examples. According to the experts, integrated interlinked campaigns are recommended in order to enhance the win-win situation between the retail and industry.

Table 2

The "Top 10" European Supermarkets in 2004

Rang	Supermarket	Brand	International presence	Number of units	Net sales[2] mild. €
1	Ahold (NL)	Albert Heijn	NL, US s.a.	3.111	35,9
2	Tesco (GB)	Tesco	GB, IE, HU,PL	1.992	35,0*
3	ITM Entreprises	Intermarche	DE, ES, BA,BE, FR, PL, PT, RO	3.300*	25,0*
4	Rewe (DE)	HL, Minimal, Billa, Rewe, Standa, Primo	AT, BG, CH, CZ, DE,HR, IT, RO, SK, UA s.a.	8.422	22,1
5	Sainsbury (GB)	Sainsbury	GB	583	20,8
6	Delhaize (BE)	Food Lion, Delhaize, Alfa-Beta, Delvita	BE, CZ, GR, LU, RO, SG, SK, TH, US s.a.	2.565	18,0
7	Carrefour (FR)	Champion, GB, GS, Norte	BE, BR, ES, FR, GR, IT, PL, TR, s.a.	1.495	13,1
8	Safeway (GB)	Safeway	GB, IE	540	12,1
9	Tengelmann (DE)	A & P, Tengelmann, Kaiser's	DE, CA,US	1.222	11,9
10	Edeka (DE)	Edeka Aktivmarkt, Neukauf	AT, CZ, DE, DK	7.765	11,4

**Estimate*
[1] European and AELS supermarkets
[2] Supermarkets and simmilarsPentru supermarket-uri si forme similare
Source: European Retail Institute, Köln, 2005

Since both in practice and even in the education of trainees at academies, colleges and universities there clearly appears to be a need for more training, the POSMA agencies are trying to sensitize above all the sales, marketing and advertising managers through workshops and conferences.

Conclusion

Not only retailing has changed, but the shopping methods have changed in recent years. In many instances this benefited shoppers, but also retailers and this changes are: self-service is now the generally accepted practice, many goods are pre-packed giving the advantages of convenience and improved hygiene, "convenience foods" have become more popular, regarding appliances the emphasis is on reducing human effort, most goods are sold under "brand names".

Manufacturers and retailers frequently adopt schemes to promote sales (POS and POP were presented). Whether or not these benefit consumers is sometimes doubtful. If a scheme increases sales it may result in a reduction of prices, but the inference is somewhat remote.

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