

SUPERMARKET WARS: THE FUTURE OF GLOBAL RETAILING

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Andrew Seth and Geoffrey Randall are authors and business consultants, at Summit 2006 they examined what factors influence success or failure of global retailers

Probably the single most important question you need to answer as a retailer is 'what do you need to win?' Being a complex industry, there is no simple or indeed single answer. However, a combination of tactics should help you to gain an advantage in the supermarket wars.

Firstly, it is crucial to have a clear, tested strategy, focussing on what happens in-store and having a clear view of what customers want. From an operational perspective, it's important to be smart. Making mistakes is almost impossible to avoid but the key is to not make them more than once. It's vital to identify the right store format, in terms of shop size and location, but also to be aware that these can change quickly. Supply chain leadership also plays a pivotal role.

Another important area is customer marketing where a differentiated, recognised brand proposition is needed, both at a local and international level. Robust and easily interrogated customer information is critical, particularly in the more developed markets, to enable segmentation and targeting. Last but by no means least is the matter of human performance. As well as exceptional and consistent strategic leadership, humility in the form of a restless determination to improve and avoiding complacency at all costs is crucial. Finally, without a high performance ethic throughout the team, none of the aforementioned tactics can be implemented successfully.

As far as the world's biggest retailers are concerned, Wal-Mart can lay claim to being one of the most successful ever. With founder Sam Walton's vision, low cost, low price strategy, use of IT and supply chain management, and his relentless will to win, Wal-Mart is a true giant. However, despite its success in the US, Canada, Mexico and even the UK, it has failed in Germany and South Korea, with the jury is still out on the ventures in China and Japan.

The pioneer of global retailing though is Carrefour, having invented the hypermarket and then entered into countries beyond its native France in 1969. Initially, it struggled abroad but then achieved some success in South America. Chasing hard is Tesco, which began life as something of a second tier retailer in the UK before turning things around in the 1990s. As a result, it was relatively late to the international market and has chosen to enter central and eastern European countries and Asia first, with steady results.

The key to being successful in countries other than your own is to become as local as possible, including keeping in touch with local pricing. Being prepared in all areas of the business and finding a balance between minimising costs and spending to differentiate can mean the difference between winning and losing the supermarket war.