

The launching of Real Hypermarket in Romania - cause or effect of the globalization?

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Abstract

It is a reality that the markets are becoming more and more global. The launching, the opening of a new hypermarket in a foreign country is the result of a weak or null market share of the considered distribution network in a territory with a high potential growth. In this case, the hypermarket will benefit from the financial means of the other branches of the group that already have a solid implantation in other regions or countries characterized by a great market share and a low percentage of potential growth. The financial means have to permit to the newly launched point of sale to develop its market share by attracting the clients of the concurrence. Usually, a company is discrete regarding the negative financial results, period which can be between one to five years.

The Real hypermarket entered on the international market in 1997, together with the opening of the first hypermarkets in Poland, and in 1998 followed the launching of the first hypermarket in Turkey. Also, the first Real hypermarket was opened in the summer of 2005 in Russia. The Real hypermarket entered on the Romanian market in 2005 where it was launched the first hypermarket in Timișoara. Today the Real hypermarket is present in 10 towns of Romania.

Keywords: launching a hypermarket, wares assortment, interior and exterior design of a hypermarket, globalization

An independent firm encounters many difficulties to open a sales point, because it could not benefit from the results of other already exploited sales points, except for the case when the firm began to create a group of sales points, generally having a limited size. Usually, a company is discrete regarding the negative financial results, period which can be between one to five years. This is the price that a hypermarket (sales point) has to pay, if it wants to set-up durably in a new region or country.

The hypermarket's characteristics

Invented in 1963 by the Carrefour firm in France, the hypermarket had a rapid development. This fact was favorably influenced by the increasing number of family or personal automobiles that could facilitate the access to the sales points situated at the outskirts of towns, on one hand, and the possibility to buy all from one place with a considerable economy of time, on the other hand.

For a distributor, its products put into a BCG matrix represent its sales points¹.

Figure 1: The BCG matrix for the sales points

From superior to medium

The index of the region growth

Star	Dilema
Milk cows	Mill stone

From inferior to medium

Strong *The market share* Weak
of the hypermarkets
from the region

Source: Nistorescu, T. and C., Sitnikov, 2003, "Management strategic", ed. Sitech, Craiova

The hypermarket concept defines a store with a very big size, which commercializes a variety of assortments, available in great quantities. In the sales process, multiple commercial services, price facilities and other methods to attract different segments of buyers are offered. The major axe of the commercial politics is represented by the small prices.²

Usually, the hypermarket has the following specificities:

- Generally, a hypermarket is located on the town outskirts and thus, it benefits from the necessary surface for its activity.
- A hypermarket assures a great space for parking, 1 200 places in medium, element used to attract the customers.
- Under the same roof a great number of independent commercials or specialized firms in services can be found.
- The sales surface is bigger than 2 500 m², the minimum limit for Germany being 1 000 m² and 4 000 m² for the United States.
- The size of the assortments is between 25 000 and 50 000 references, with 4 000 references from the alimentary sector.

¹ Malaval, P. and J.-M., Décaudin, 2005, "Pentacom", ed. Pearson Education, Paris

² Florescu, C., P., Mâlcomete and N. A., Pop, (coordinators) , 2003, "Dicționar de marketing", ed. Economică, București

- Compared to the supermarket that has only alimentary and non-alimentary products, but of current use, the hypermarket also sales furniture, clothes, electronics and household appliances.
- The public alimentionation sector is represented by restaurants, bars, pastries, etc.
- The self-service is the dominant sales form. The client can walk through the shelves, choosing the needed products.
- The electronic cash registers are placed at the exit from the self-service flux. Usually, for every 200 m² of sales surface, an electronic cash register can be found.

Real hypermarket in the world

Part of the metro Group, Real hypermarket represents the success concept of the self-service hypermarket in a very big space of sales by retail. Over a million of clients in Germany make their shopping there every day, and half of them come to Real hypermarkets at least once a week. The Real hypermarket chain has over 371 stores in Germany and 72 abroad. Real hypermarket is in the top of the hypermarkets in Germany and abroad.

Real hypermarket entered on the international market in 1997 with the launching of the first hypermarket in Poland, followed by the launching of another Real hypermarket in Turkey in 1998. Real hypermarket entered on the Russian market in 2005, by launching the first hypermarket in this country.

Real hypermarket in Romania

Real hypermarket entered on the Romanian market in 2005. The first store was opened in Timișoara, followed by another three hypermarkets in Constanța, Oradea and Sibiu. The investments in these four hypermarkets exceed 53 million euro, as the company officials stated. Today, Real hypermarket is present in 10 towns from Romania.

Figure 2: Real hypermarket in Romania



Source: www.real-hypermarket.ro, visited on 26.07.2007

An ambitious project of expansion at an international level, confirms the orientation of Real hypermarket to a continuous growth, because the company decided to continue its development. Till the end of the year 2008, 21 hypermarkets will function in Romania, as a result of investments that will exceed 400 million euro. The success on the Romanian market confirms the fact that Real hypermarket represents a mark regarding the offer of European standard services, the creation of new working places and the development of the local markets.

The concept of Real hypermarket supposes a sales space between 6 000 and 8 000 m² for the hypermarket and a commercial gallery with a sales space between 5 000 and 15 000 m². The commercial complex offers daily usage products, aliments, household appliances, IT, clothes, toys, etc. The commercial gallery offers a series of possibilities that come to complete the gamut of assortments of the hypermarket and raise the attraction of the location.

Real hypermarket is in a strong position with the country where it is located. Real hypermarket uses a great variety of local products and creates over 400 working places in every store. 70% of the products offered are assured by the national producers.

At present, Real hypermarket Romania has over 2 500 employees and the leadership is assured by Romanian managers. Analyzing the strategy that Real hypermarket develops regarding the human resources, we can consider that the personnel is the guarantee of the company's success. This is the reason why the company offers training courses to its 450 employees that exist in every store.

Real hypermarket disposes of the highest class technology on different activity sectors: refrigerating equipment of highly performance, the latest pairs of scales, ovens and grills of great capacity, etc. From the 42 electronic cash registers existing in Real hypermarket, 36 are installed in line at the exit from the hypermarket.

The elegant commercial galleries, the pleasant ambiance, the existence of a great number of parking spaces, the high quality services offered to the clients make from Real hypermarket a successful commercial center.

The assortment of products and services

The assortment is defined as an ensemble of articles and services presented and sold in a sales point, being a result of a choosing process from the total volume of products and services that constitutes the global offer from a certain market area.³

Establishing the goods assortment leads to two types of problems. On one hand, it is about the commercial politics problems, which can be solved by reporting to the market. The offer of the sales point is the result of a complex process of researches for finding a dynamic and permanent balance between the client's needs and the limits imposed by the endogenous factors (the surface's dimensions, the furniture, and

³ Ristea, A.-I., C., Tudose and V., Ioan-Franc, 1999, "Tehnologie comercială", ed. Expert, București

the commercial equipments). On the other hand, there are a series of problems linked to the profitability of the surface, which can not be solved by knowing the detailed structure of the offer.

The strategy of the assortment follows the establishing of the commercial politics, existing several possibilities: an imitation politics that consists in conquering the same markets and target segments as the concurrence, using the same sales techniques and promoting the same services and a differentiation politics, which seeks to consolidate a specific image, by operating on the internal organization way, the prices and the promotional politics.

These politics correlate themselves with the general politics of a commercial company, contributing to establish a long term objectives: the sales growth percentage, the market share growth, the invested capital profitability, the financial and personnel security, etc.

The assortment of a sales point can be constituted by the following types of goods:

Table 1: The assortment of a sales point

Types of goods	Characteristics
Shopping goods	<ul style="list-style-type: none"> - efforts of choice and information to construct the scale of preferences for the buying act - a risk linked to the buying decision - a weak frequency of buying - a medium length of consumption
Specially goods	<ul style="list-style-type: none"> - the consumer has an already formed scale of preferences - the consumer has to make an effort of choice to obtain the products from this scale of preferences
Convenience goods	<ul style="list-style-type: none"> - a highly frequency of buying, without any special effort of choice from the part of the consumers - an insignificant preoccupation of the consumer for quality - price comparisons - a limited time of choice - a weak service

Source: Ristea, A.-L., C., Tudose and V., Ioan-Franc, 1999, "Tehnologie comercială", ed. Expert, București

The goods assortment occupies an important place in the commercial politics of a company, because it defines the target users to whom it

addresses and the measure of the economical activity of the sales point.

An assortment is generally characterized by three dimensions: the width, depth and coherence. The width corresponds to the number of different needs reflected by the goods that the assortment can respond to. The depth is measured by the number of references presented for every category of products that respond to the consumers' needs, whereas the coherence measures the homogeneity of products having the same final utility.

Shopping products are products that a customer feels are worth the time and effort to compare with competing products. Shopping products can be divided into two types—depending on what customers are comparing: (1) homogeneous and (2) heterogeneous shopping products⁴.

Homogeneous shopping products are shopping products the customer sees as basically the same—and wants at the lowest price. Some consumers feel that certain sizes and types of refrigerators, television sets, washing machines, and even cars are very similar. So they shop for the best price. Firms may try to emphasize and promote their product differences to avoid head-to-head price competition. But if consumers don't think the differences are real or important, they'll just look at price. Even some inexpensive products like butter or coffee may be considered homogeneous shopping products. Some people carefully read food store ads for the lowest prices—and then go from store to store for bargains. They don't do this for staples.

Heterogeneous shopping products are shopping products the customer sees as products—the product different—and wants to inspect for quality and suitability. Furniture, clothing and some cameras are good examples. Quality and style matter more than price. It's harder—but less important—to compare prices of nonstandardized items. Once the customer has found the right product, price may not matter—as long as it's reasonable. This is also true when service is a major part of the product, as in a visit to a doctor or car repair service. Branding may be less important for heterogeneous shopping products. The more consumers compare price and quality, the less they rely on brand names or labels. Some retailers carry competing brands so consumers won't go to a competitor to compare items. Often the buyer of heterogeneous shopping products not only wants—but expects—some kind of help in buying. And if the product is expensive, the buyer may want *personalized* services—such as alteration of clothing or installation of appliances.

Specialty products are consumer products that the customer really wants — and makes a special effort to find⁵. Shopping for a specialty product doesn't mean comparing—the buyer wants that special product and is willing to search for it. It's the customer's willingness to search—not the extent of searching—that makes it a specialty product. Specialty products don't have to be expensive, once-in-a-lifetime purchases. Any branded product that consumers insist on by name is a

⁴ McCarthy, E. J. and W. D., Perreault, 1993, "Basic Marketing", ed. IRWIN, U.S.A., p. 262

⁵ Berkowitz, E. N., R. A., Kerin, S. W., Hartley and W., Rudelius, 1993, "Marketing", ed, IRWIN, U.S.A., p. 321

specialty product. People have been observed asking for a drug product by its brand name and-when offered a chemically identical substitute-actually leaving the store in anger.

Unsought products are products that potential customers don't yet want or know they can buy. So they don't search for them at all. In fact, consumers probably won't buy these products if they see them-unless Promotion can show their value. There are two types of unsought products. **New unsought products** are products offering really new ideas that potential customers don't know about yet. Informative promotion can help convince customers to accept or even seek out the product-ending their unsought status. Dannon's Yogurt, Litton's microwave ovens and California Wine Coolers are all popular items now, but initially they were new unsought products because they were innovations-consumers didn't know what benefits they offered. **Regularly unsought products** are products-like encyclopedias-that stay unsought but not unbought forever. There may be a need, but potential customers aren't motivated to satisfy it. For this kind of product, personal selling is very important.

The assortment of products and services of Real hypermarket Romania

Over 36 000 non-alimentary and alimentary articles will be commercialized on a sales space of 6 800 m² in real hypermarket. The sortimental gamut has many alimentary products: meat, dairy produces, cheese, panification products, drinks, sweets, etc. and non-alimentary products such as: household appliances, cloths, electronics, IT, media, toys and products for spare time hobbies.

The alimentary sector is very well represented at Real hypermarket, the freshness, the quality and variety being the key elements and, 75% of the total sales are from the alimentary sector. To assure the high quality of the fresh products, many of the employees from Romania were trained in Poland, Russia and Germany.

Thus, the alimentary sector contains:

- Over 100 articles of fish imported from Italy, Norway and Greece;
- Over 400 panification and pastry products, among which over 270 are from self production;
- A rich and varied assortment of fruits and vegetables from Romania and of import;
- Aver 150 gastronomy products from the national and international kitchen (pastry, confectioner's, cooked food)

Analyzing the appearance of the departments and of the products in the Real hypermarket, we can observe that they are systematically exposed so as to assure the presence of an equilibrated stock of merchandises adapted to the client's demands for the lightening of their choices to buy the needed goods.

The electronics and the cloths, products with a low frequency of buying, are situated at the entrance in the hypermarket so as to attract the attention of all clients that visit the store.

Moreover, the department of the promotional offers is also situated at the entrance in the hypermarket for the same reason to attract the

attention of the buyers, because almost all the goods on sales are bought on reflex.

The design of Real hypermarket

The design of a hypermarket represents the result of the combination of two elements that favors the creation of the universe of the client's seduction, determining how much will the clients spend in addition to what they initially planned. The design of a hypermarket has to create an ambiance that incites the clients to enter into the hypermarket, gives them the sensation of a comfortable sentiment, attracts them to visit the entire hypermarket and increases their level of satisfaction, through the attributes of its physical environment. The psychological attributes are the intangibles, such as sense of belonging, excitement, style or warmth. Image has been found to include impressions of the corporation that operates the store, the product category in the store, the brands in each category and the marketing activities of the store. In creating the right image and atmosphere, a retail store tries to identify its target audience and what the target audience seeks from the buying experience so the store will fortify the beliefs and the emotional reactions buyers are seeking.

An adequate ambiance assures the target that the commercial wants to reach. The two elements that contribute to the creation of a particular style of the hypermarket are: the exterior design (the front, the window, the access in the hypermarket) and the interior design (the interior walls, the floor, the platform, the light, the sonority). These elements are the same in all Real hypermarkets, no matter if they are located in Romania or other countries. These elements contribute to the creation of a brand identity of the hypermarket on the global markets.

The personalized front of the Real hypermarket and the illuminated sign put on the building represent the way of an efficient communication of the hypermarket with its external environment. The front window assures a great visibility of the hypermarket, catching the attention and interest of the passers by. The access in the hypermarket can be made by two entrances, largely opened, projected to encourage the clients to enter.

All these elements constitute a major way of promotion, functioning as an interface between the image of the hypermarket and the human community that wants to supply.

The interior walls used to differentiate the sales areas by the areas with other destination are of transparent glass. The high ceiling creates the feeling of more space and the incandescent light contributes to the determination of the products' real colors. The use of light colors reflects the light, Real hypermarket uses light colored surfaces for the walls, ceiling, floor and other auxiliary devices. Many retailers believe that the sales are affected by these elements, as well as how crowded it is. In addition, the physical surroundings may affect the store's employees.

Analyzing the origin of the products and the concept of Real hypermarket, we can see that the launching of Real hypermarket in Romania is cause and effect of the globalization. Everyone must enter in the globalization process. In an economy of globalization only the strongest and the fastest regarding taking decisions, survives. Today, to be local in a global world it is a comportment of involution. The globalization of the world's markets in the conditions of eliminating the specific differences between them determines the homogenization of the consumers' tastes from the entire world in the interior of a market that obtains global character. The globalization of the markets is directly linked by the existence and development of the multinational and transnational companies, such as Real hypermarket. In this kind of situation, the strategic decisions are oriented more to the product markets and less to the national markets. The strategic objectives of a company with a global vision of the market refer to the satisfaction of the large number of international consumers, with products that are less differentiated from a geographical space to another.

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