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The revolution in retailing: Introduction to the special issue

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DOI: [https://doi.org/10.1016/S0024-6301\(97\)80949-1](https://doi.org/10.1016/S0024-6301(97)80949-1)

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Citation

KUMAR, Nirmalya. The revolution in retailing: Introduction to the special issue. (1997). *Long Range Planning*. 30, (6), 822-822.

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The Revolution in Retailing: Introduction to the Special Issue

Nirmalya Kumar

THE ARTICLES IN THIS SPECIAL ISSUE touch on several different themes. Five articles look at the overall trends in retailing but from different perspectives, and there is added value in each article as we try to understand the new world of retailing. Louis W. Stern and Barton A. Weitz urge marketing academics to pay more attention to the changes taking place in the distribution area by adopting a “problem-driven” research agenda. The articles in this special issue suggest that we have already made a start on that. In my article I outline why I believe that there is a revolution taking place in retailing today. I present what may be a provocative thesis: that the best retailers are better described as market driving rather than market driven.

Hean Tat Keh and Seong Y. Park identify some of these same trends and develop the implications of these trends for grocery retailers and their suppliers. In addition they discuss the changing behavior of the US customer that is driving these changes. David A. Griffith and Robert F. Krampf use the Delphi technique in an innovative manner to identify four key trends emerging in retailing. Richard Bell, Ross Davies and Elizabeth Howard spend considerable effort in detailing the implications of some of the changes mentioned by all of the authors for food retailing in Europe. They develop specific implications for retailers and manufacturers as well as consumers and public policy.

We also have two articles that focus on information technology and retailing. Elliot Maltz and Rajendra K. Srivastava present a new methodology for assessing the value provided by a retailer implementing an EDI system. This article will prove useful to retailers as they struggle to quantify the benefits from investments in such information systems. We have one

article from someone close to practice: Mr. Ryuichi Kunitomo describes in depth the fascinating story of Seven–Eleven in Japan and how it is revolutionizing the industry using information technology.

Two articles examine new retail formats that have recently emerged. Elizabeth Daniel and Chris Storey discuss the challenges of on-line banking which is fundamentally transforming the banking sector. Pressure from on-line banking has traditional bank branches searching for an effective value proposition on which to compete. Bill Merrilees and Dale Miller examine the development of another new format: superstores in Australia. They discuss the critical success factors for superstore operators and draw out the implications of this aggressive new competitor for the traditional stores.

Brenda Cullen and Alan Whelan examine how manufacturer brands, which they classify as “dominant” or “trapped”, are reacting to the increasing concentration in the retail sector. They present extensive longitudinal data to make several observations and recommendations for each type of brand. Similarly, in a very interesting article, Jan-Benedict E. M. Steenkamp and Marnik G. Dekimpe also look at the issue of brands. Using panel data from 4000 Dutch households across 19 product categories, they compare the strength of Albert Heijn’s store brands with those of major manufacturers. Their data suggests that to succeed with store brands retailers should increase the quality of their own brands and avoid the price cutting trap. If retailers accept these recommendations, life for manufacturer brands will only get tougher.

I hope this special issue will prove to be rewarding for the readers. I thank all the authors for their contributions which made it possible.