Value and Convenience Hold the Key to Global Retailing Market

Contributed by Euromonitor International
Thursday, 31 March 2005
Last Updated Thursday, 15 September 2011

Value and Convenience Hold the Key to Global Retailing Market, by Â Euromonitor International

Consumer demand for value and convenience are now driving the global retailing market, thanks to aggressive discounting, the acceleration of consumer lifestyles and a shift in power from supplier to retailer, according to new research from Euromonitor International.

Aggressive discounting strategies, which came to the fore during difficult times for the global economy, have fundamentally transformed consumer perceptions of value. According to Euromonitorâ€™s The World market for retailing, major retailers, such as Wal-Mart, Carrefour, Metro and Tesco, have been central to the rise of discounting, building their rapid expansion on price-cutting strategies and helping consumers of all income groups to expect low prices as a matter of course, even as economic conditions have shown signs of improvement.

Raphael Moreau, Retailing analyst at Euromonitor International explains"Increasingly, consumers see low - and even lowering - prices as the norm. This has created favourable conditions for the dramatic rise of the discounter format in both the USA, with its dollar stores, and in Europe, with its hard discounters such as Aldi and Lidl. Interestingly, there are no signs that sales through discounters are slowing, even though consumer confidence in economic conditions is returning. In other words, discounters and constantly low prices look here to stay â€“ irrespective of good economic conditions".

This point is emphasised even in specialist retailing, where Euromonitor notes there has been a marked shift towards large-scale retailers offering a deep range of products at affordable prices.

Between 1998-2004, the global retail environment has also been fundamentally changed by the shift in the balance of power from suppliers to retailers. Again, major players, such as Wal-Mart and Tesco, have been instrumental in wrestling power from suppliers and are now capable of dictating to suppliers over issues such as the adoption of new supply chain technology.

Convenience key
Euromonitor Internationalâ€™s new report also examines the acceleration of consumer lifestyles that has produced a growing demand for shopping opportunities that cause minimal disruption to daily routines. This demand for convenience has led to the increasingly widespread appeal of the â€˜one-stop shopâ€™. As a result, major multiple grocers have extended their product ranges and discounting policies into non-food products, so that consumers can increasingly meet all their purchasing needs under one roof, and at low prices. These developments clearly have dramatic implications for traditional mixed retailers and specialists.

Dreaming of the â€˜no-stop shopâ€™
However, consumers have also proven willing to pay premium prices for convenience. Euromonitorâ€™s new research shows that strong demand for outlets offering accessible locations and long opening hours has driven premium-priced sales through convenience stores. As a result, convenience stores have increasingly attracted the attention of major retailers, particularly in markets with restrictions on the development of larger formats, such as the UK.

Raphael Moreau again comments, "As convenience retailing has grown in popularity, it has adapted to fit around modern lifestyles. This can be seen in both the significant expansion in products available in convenience stores and in the rapid emergence of forecourt retailing. At Euromonitor we have been monitoring the reaction of traditional retailers to the competitive threat posed by convenience retailing and it is clear that this threat has encouraged traditional outlets to develop more convenient formats â€“ such as of drive-thru outlets in the US beauty and health care sector".

About Euromonitor
Euromonitor International is the worldâ€™s leading provider of global consumer market intelligence and has been publishing research on international markets for over 32 years.

With more than 600 analysts and consultants world-wide, Euromonitor International has an unrivalled research network specialising in global consumer markets and service industries. The Company's in-house Consultancy division also undertakes bespoke research projects on all sectors, including industrial, business to business and high-tech industries. Euromonitor International produces hundreds of new reports each year, which are published in a variety of formats to suit all client needs, from award-winning online databases to market reports and statistical reference books. Euromonitor's clients range from leading manufacturer's, retailers and suppliers of consumer goods, to international investment banks, management consultancies, advertising agencies and students at top business schools world-wide.

Please visit Euromonitor International for more information