Chapter 10

ANALYSIS OF PERFORMANCE DIFFERENCES BETWEEN STRATEGIC GROUPS IN FOOD RETAIL SECTOR[1]

Eren DURMUŞ-ÖZDEMİR[2]

ABSTRACT

The aim of this section is to discuss, from a theoretical perspective, the competitive strategies behind the intense competition movements in the food retail sector and the empirical findings related to the strategic groups reflected in the performance of the organizational structures. Observations on the food retail sector give a signal that supermarkets compete in strategic groups specific to the sector through different strategy practices and forms of organization, apart from traditional management activities. From this point of view, the findings of an empirical study are included in the section. Research presents the findings on the strategic groups of international, national and local supermarkets, hypermarkets and discount markets, which operate in Antalya, have at least 400 square meters of sales area and at least 5000 products that are food and non-food products and do not sell wholesale products, and the performance differences between these groups. The findings show that there are three different strategic groups in terms of competitive strategy and organizational structure of supermarkets and that there is performance differences between groups.

1. INTRODUCTION

In recent years, food retailing has become an industry with more and more international, national and local actors. The increase in the number of chain markets, discount markets and shopping centers starting from the big cities and spreading towards all cities, the spread of e-commerce and environmental pressures such as

---

[1] This section is adapted from the doctorate thesis entitled as "Researching The Relations of Competitive Strategies, Organization Structure and Performance in Content of Food Retailing Sector" defended by Eren DURMUŞ- ARICI (2008). Thesis ID Number:250531 (Tez Adı: "Rekabet Stratejisi, Örgüt Yapısı ve Performans İlişkilerinin Gıda Perakende Sektörü Bağlamında Araştırılması")

[2] Asst. Prof., PhD., Akdeniz University, Faculty of Economics and Administrative Sciences, Department of Business Administration Dumlupinar Boulevard TR-07058 Campus-Antalya, Turkey, edurmus@akdeniz.edu.tr

their competitors has not been fully answered. Therefore, interviews were conducted with the senior managers of 9 international, national and local supermarkets, hypermarkets and discount markets, which have at least 400m² sales areas in Antalya province and have at least 5000 that food and non-food products and do not sell wholesale products. Content analysis findings showed that there are 3 strategic groups in Antalya and there are performance differences between these groups. The findings of the groups named by taking into consideration the sales area, number of products, competitive strategies and organizational structure of supermarkets (mechanical oriented food retailers, organic oriented discounters, and organic oriented locals) showed that the group, defined as organic oriented discounters, had the highest level of perceived performance compared to other groups. The operations of the mentioned group of the cost leadership strategy and its organizational structure based on low centralization were determined as group characteristics that increase the performance in the sector. It is another finding that the group's sales area and product range are low compared to other group members. All these findings were not found to be surprising. The reason for this is that the high rents paid to large square meters in the last decade and the increasing price competition caused the efficient competitiveness of the high discount markets in the organized retail sector (KPMG Danışmanlık, 2018). In addition, an increasing number of consumers around the world are changing their shopping preferences in the direction of discount markets due to ease of transportation, small sales area and less time for shopping. According to sector data in Turkey, while the modern food retail market grew by 19 percent between 2012 and 2017, discounted food retail grew by 28 percent, which indicate how fast this change is (www.capital.com.tr/is-dunyasi/arastirmalar/zor-donemin-en-hizlilari, 2018). In summary, this exploratory study is intended to provide perspectives for researchers and decision-makers in the food retail sector to provide sustainable competitiveness power.

REFERENCES

1. Akyol, H. & Can, H. (2018). Perakende satış hacmini etkileyen faktörler: ardl sınır testi yaklaşımı. *ETÜ Sosyal Bilimler Enstitüsü Dergisi (ETÜSBED),* 3(5): 117-130.
2. Barney, J. (1991) Firm resources and sustained competitive advantage, *Journal of Management*, (17)1.
3. Başar, E. E. (2018). Hangi ürün kategorisi tüketicilerin perakendeci mağaza tercihlerinde en büyük etkiye sahip? Lider ürün yaklaşımı. *Atatürk Üniversitesi İktisadi ve İdari Bilimler Dergisi,* 32(2): 335-349.
4. Bekoğlu, F. B. & Ergen, A. (2016). Değişen tüketici eğilimleri ve teknolojik gelişmelerin perakendeciliğe yansımaları. İşletme ve Sosyal Bilimler Araştırmaları Dergisi, 5(2): 59-70.
5. Dess, G. G. & P. S. Davis (1984). Porter's generic strategies as determinants of strategic group membership and organizational performance, *Academy of Management Review*, 27

6. Duman, S. (2015). Hizmet sektöründe müşteri ilişkileri yönetimi, müşteri memnuniyeti: Tarsus'ta bir elektrik perakende dağıtım şirketinde inceleme. *Yayımlanmamış Yüksek Lisans Tezi*. Toros Üniversitesi Sosyal Bilimler Enstitüsü, Mersin.
7. Durmuş-Arıcı, E. (2008). Rekabet stratejisi, örgüt yapısı ve performans ilişkilerinin gıda perakende sektörü bağlamında araştırılması. Doktora Tezi.Akdeniz Üniversitesi Sosyal Bilimler Enstitüsü, İşletme ABD, Antalya
8. Durmuş-Özdemir, E& Çırağ, K. (2018). Gıda perakende sektöründe yerel rekabet dinamiklerinin değerlendirilmesi: Antalya ili örneği. *Anemon Muş Alparslan Üniversitesi Sosyal Bilimler Dergisi*, 6 (ICEESS' 18), 263-270. DOI: 10.18506/anemon.452834
9. Erciş, A., & Büyük D, H., (2016). İndirim marketlerinde müşteri değerinin müşteri tatmini, müşteri sadakati ve ağızdan ağıza iletişime etkisi. *Atatürk Üniversitesi İktisadi ve İdari Bilimler Dergisi*, 30(3): 527-544.
10. Fiegenbaum, A., J. Mcgee & H. Thomas (1987). Exploring the linkage between strategic groups and competitive strategy. *International Studies of Management and Organizations*, 18(1), 6-25.
11. Hunt, M. S. (1972). *Competition in the major home appliance industry, 1960-1970*. Harvard University, Cambridge, M.A.
12. Hüseyinoğlu, I. Ö. (2017). Bütüncül kanal (omni-channel) stratejisinin incelenmesi: gıda perakendecisinden bulgular. *Dumlupınar Üniversitesi Sosyal Bilimler Dergisi*, Pazarlama Kongresi Özel Sayısı: 119-133.
13. Hoyt, J. & H. Sherman (2004). Strategic groups, exit barriers and strategy decision constraints in high-tech companies, *The Journal of High Technology Management Research,(*15) May: 237-247.
14. İzgi, B. B. & Şahin, İ. (2013). Elektronik perakende sektörü ve internet alışverişi tüketici davranışı: Türkiye örneği. *Ekonomi ve Yönetim Araştırmaları Dergisi*, 2 (1): 9-27.
15. Kılıç, S. & Şenol, G. (2010). Gıda perakendeciliğinin gelişimi ve gıda perakendeciliğinde rekabeti etkileyen unsurlar. İşletme ve Ekonomi Araştırmaları Dergisi, 1(2): 45-62.
16. Leask G. & Parker, D. (2006). Strategic group theory: Review, examination and application in the UK pharmaceutical industry, *Journal of Management Development*, 25(4), 386-408
17. Lewis, P. & Thomas, .H. (1990). The linkage between strategy, strategic groups and performance in the UK retail grocery industry, *Strategic Management Journal*. 11 (September), 385-397
18. Mcgee, J. & Thomas, H. (1986). Strategic groups: Theory, research and taxonomy, Strategic Management Journal, (7), 141-160.
19. Mehra, A. (1994). Resource-based view of strategic groups, *Journal of Socioeconomics*, 23 (4), 425-439.
20. Mintzberg, H. (1979). *The structuring of organizations: A synthesis of the research*, Englewood Cliffs, Nj: Prentice Hall
21. Mintzberg, H., (1988). Generic strategies: Toward a comprehensive framework, *Advances in Strategic Management,* (5).
22. Özcan, G. B. (1997). Perakendecilikte evrenselleşme. *TÜSİAD Görüş Dergisi*, 64-72.

23. Öztürk, S. A., Kayış, B., Öztürk, S. & Okumuş, A. (2016).İndirimli süpermarket zincirleri üzerine bir araştırma: Türk girişimciler için Bulgaristan pazarının değerlendirilmesi. *Journal of Transportation and Logistics*, 1(1): 1-18.
24. Porter, M. (1979). The structure within industries and companies performance, *Review of Economics and Statistics*, Vol. 61, 214–227
25. Porter, M. (1980). *Competitive strategy: Techniques for analyzing industry and competitors*, The Free Press.
26. Porter, M. (1998). *Competitive advantage: Creating and sustaining superior performance,* Copyright (1985). The Free Pres, N.Y.
27. Spector, R. (2005). *Category killers: the retail revolution and its impact on consumer culture.* Harvard Business School Press, Cambridge, M.A.
28. Thomas, H. & Pollock T. (1999). From I-O economics S-C-P paradigm through strategic groups to competence-based competition: Reflections on the puzzle of competitive strategy. *British Journal of Management*, 10, 127-140.
29. Ülgen, Ö. (1999). Türk perakendecilik sektörünün senaryolar yardımıyla analizi, *Yayımlanmamış Yüksek Lisans Tezi*, İTÜ Fen Bilimleri Enstitüsü.
30. Venkatraman, N. (1989). Strategic orientation of business enterprises: the construct, dimensionality, and measurement, *Management Science*, 35 (8) 942-962.
31. Vicente, J., Juan S. & Isabel G. (2003). Dynamics of the strategic group membership- performance linkage in rapidly changing environments, *Journal of Business Research*, March.
32. Yaraş, E., Özbük, M. Y. & Göncü, Z. Ü. (2016). Tüketicilerin alışveriş merkezlerine yönelik tutum ve davranışlarına göre kümelenmesi. *International Review of Economics and Management,* 4(2): 16-32.
33. Yolcu, T., Ekici, S.G., Altunışık, R &Özkaynar, K. (2017). Online Mı? offline mı? Tüketici tercihlerini etkileyen faktörlerin incelenmesi. *Uluslararası Yönetim İktisat ve İşletme Dergisi*, ICMEB17 Özel Sayısı: 1027-1033.
34. Ward, P., McCreery, J. & Anand, G. (2007). Business Strategies and Manufacturing Decisions, International Journal of Operations and Production Management, 27, (9):951-973.

INTERNET SOURCES

1. Fortune (2017). *Fortune 500 Türkiye 2017 listesi (*Retrieved 17.05.2018 from http://www.fortuneturkey.com/fortune500.
2. KPMG Danışmanlık (2018). *Perakende sektörel bakış 2018 Raporu (*Retrieved 20.09.2018 from https://assets.kpmg/content/dam/kpmg/tr/pdf/2018/01/sektorel-bakis-2018-perakende.pdf).
3. www.capital.com.tr/is-dunyasi/arastirmalar/zor-donemin-en-hizlilari, 2018*(*Retrieved 10.08.2018).
4. http://www.ortakalan.com.tr/haberler/zincir-marketlerin-nisan-acilislari-28141#1, (Retrieved: 18.04.2018)
5. https://www.perakende.org/(Retrieved: 21.04.2018).
6. http://www.retailturkiye.com/kapak-konusu/yerel-marketler-2015te-13-buyudu, (Retrieved 08.04.2018).