

CORPORATE AND BUSINESS STRATEGIES IN GLOBAL RETAILING

Sorin-George Toma¹

Abstract:

Since its appearance, retail has undergone significant transformations worldwide. The last decades witnessed the increasing use of information technology and communications and the expansion of e-commerce in the retail industry all over the world. This is why many retailers have understood the need to design and implement new strategies starting from the dynamic relationships between the physical and the digital world. The paper aims to define the concepts of corporate strategy and business strategy and to identify some of their common features in global retailing. The research methodology was based on a qualitative research method. The paper shows that the world's largest retailers are located in the United States of America. These corporations succeeded in obtaining a durable competitive advantage.

Keywords: strategy, global retailing, corporate strategy, business strategy, retail revenue

JEL Classification: F23, L81, M10

1. Introduction

Since its appearance, retail has undergone significant transformations worldwide. The emergence of department stores after the mid 1880s greatly impacted the evolution of retailing. In the United States of America, general stores and smaller speciality stores constituted the places where customers could buy various merchandise from clerks who served them behind the counter. The complete lack of shopping experience and leisure determined A. T. Stewart, an Irish-born merchant, to launch Cast Iron Palace, the first American department store, in 1862 (Srinivasan, 2018).

As a logical consequences, major changes related to technologies, customer types or forms of ownership took place in retailing (Chandler, 1977). Later, other retail formats appeared and developed such as chain stores, supermarkets, discount department stores, hypermarkets, and e-retailing.

It is said that the transformative process of retailing may be explained from three different points of view: cyclical, conflict, and environmental (Brown, 1987). Therefore, changes have been the result of a mixture between a cyclical sequence of institutional conflicts and several environmental forces (Anitsal and Anitsal, 2011). In this respect, the last decades witnessed the increasing use of information technology and communications (IT&C) and the expansion of e-commerce in the retail industry all over the world. There is “a sense that technology, innovation and new business models would allow the industry to capitalise on emerging consumer behaviour and take a big step forward to defining what the future shopping experience will look like” (Deloitte, 2022a, p.1).

In the next years, retailers should take into account several trends as follows: changing shopping behavior, new consumer expectations, supply chain disruptions, economic uncertainty, attracting and retaining the right employees, increasing investments in virtual tech, and rapid order fulfilment (Spicer, 2022; Evans, 2022). This is why many retailers have understood the need to design and implement new strategies and business models starting from the dynamic relationships between the physical and the digital world (KPMG, 2021).

Since 2011, the global retail market size has grown continuously. Thus, the retail sales worldwide attained 18.8 trillion US dollars in 2011, 25.2 trillion US dollars in 2016, and 31.3 trillion US dollars in 2021 (Sabanoglu, 2022).

The paper aims to define the concepts of corporate strategy and business strategy and to identify some of their common features in global retailing. The structure of the paper is as

¹ Professor, Faculty of Administration and Business, University of Bucharest, tomagsorin62@yahoo.com

follows: the second section presents the literature review. The research methodology is illustrated in the third section of the paper. The fourth section displays the results. The paper ends with the conclusions.

2. Literature review

As a highly debated concept both in theory and practice (Toma and Grădinaru, 2016a), strategy represents a term used in various domains (e.g., military art, management, politics). There are numerous definitions of strategy in the literature as it represents a complex and multi-faceted concept. Despite that there is no agreed-upon definition, the strategy may be considered as “being about maintaining a balance between ends, ways, and means; about identifying objectives; and about the resources and methods available for meeting such objectives” (Freedman, 2013, p. xi), “the coordinated set of actions that its managers take to outperform the company’s competitors and achieve superior profitability” (Gamble et al., 2021, p.3), “top management’s plans to attain outcomes consistent with the organization’s mission and goals“ (Parnell, 2014, p.14) or “the ideas, decisions, and actions that enable a firm to succeed” (Dess et al., 2021, p.6). Any strategy has several components (Table no. 1).

Table no. 1. The components of strategy

K. R. Andrews (1987)	H. I. Ansoff (1987)
<ul style="list-style-type: none"> • market opportunity; • corporate competence and resources; • personal values and aspirations; • acknowledged obligations to people in society other than shareholders 	<ul style="list-style-type: none"> • product-market scope; • growth vector; • competitive advantage; • synergy

Source: Moore, 2001

There is a plethora of typologies of strategy in the literature. However, corporate strategy and business strategy are among the most important of them. Corporate strategy is:

- the strategy that “embraces the overall scope of the organisation, its operation in structural or financial terms, and the allocation of its resources throughout its various business or divisions” (The Association of Business Executives, 2008, p.8).
- “optimising value from a portfolio of businesses and adding value to each through exploiting the firm’s core resources and capabilities“ (Evans, 2014, p.174).
- the strategy that “addresses a firm’s portfolio (or group) of business” and “asks: (1) what business (or businesses) should we compete in? and (2) how can we manage this portfolio of businesses to create synergies among the businesses?” (Dess et al., 2021, pp.12-13).
- the strategy that “establishes an overall game plan for managing a set of businesses in a diversified, multibusiness company” (Gamble et al., 2021, p.409).

At its turn, the business strategy is considered as:

- “the plans, choices and decisions used to guide a company to greater profitability and success” (Kourdi, 2015, p.3).
- the strategy that answers “the question of how firms compete and outperform their rivals and how they achieve and sustain competitive advantages” (Dess et al., 2021, p.12).
- the strategy that is “primarily concerned with strengthening the company’s market position and building competitive advantage in a single-business company or a single business unit of a diversified multibusiness corporation” (Gamble et al., 2021, p.408).
- “a plan that aims to give the enterprise a competitive advantage over rivals through differentiation” (Harvard Business Essentials, 2005, p.xiv).

In spite of the lack of consensus about the meaning of these terms due to their various approaches, the above-mentioned definitions unveil the relationships among them. Thus, strategy represents an umbrella concept for corporate strategy and business strategy. On the other hand, corporate-level strategy constitutes a superior level in comparison with business-level strategy. The corporate strategy focuses on the company's overall orientation (e.g., directional strategy) whereas the business strategy concentrates on obtaining a better competitive position of a company/business unit within an industry/a market (Hunger and Wheelen, 2011). In other words, the corporate strategy of a business organization seeks to identify and choose which industry to compete in whereas the business strategy aims at gaining a competitive advantage over other companies acting in an industry/a market (Hill and Jones, 2009).

The retailing sector constitutes an interesting example of how successful strategies have been used in a highly competitive domain. In this line, numerous studies related to this sector were published in recent years (Grădinaru and Toma, 2017a; Catană et al., 2020; Toma et al., 2022).

3. Research methodology

In order to attain the aims of the paper, the author utilized a research methodology based on a qualitative research method. In this sense, the author gathered, analysed, and synthesized a plethora of data through desk research from articles and books, found in numerous electronic databases and libraries.

4. Results and discussion

This section of the paper shows the way the most important retailers of the world use corporate and business strategies in their activities. In the period 2018-2020, the top of the world's largest retailers by their retail revenues was dominated by the American corporations (Tables no. 2, 3 and 4). The headquarters of these first ten largest corporations are located as follows:

- seven corporations (Wal-Mart, Costco, Amazon, Kroger, Walgreens Boots Alliance, Home Depot, CVS Health Corporation) in 2018, eight corporations (Wal-Mart, Costco, Amazon, Kroger, Walgreens Boots Alliance, Home Depot, CVS Health Corporation, Target) in 2019, and seven corporations (Wal-Mart, Costco, Amazon, Kroger, Walgreens Boots Alliance, Home Depot, Target) in 2020 in the United States of America;
- two corporations (Schwarz Group, Aldi) in 2018, 2019 and 2020 in Germany;
- one corporation (Tesco) in 2018 in the United Kingdom;
- one corporation (JD.com) in 2020 in the People's Republic of China.

Table no. 2. The world's ten largest retailers by their total revenues in 2018

No.	Corporation	Retail revenues (\$B)
1.	Wal-Mart	514.405
2.	Costco	141.576
3.	Amazon	140.211
4.	Schwarz Group	121.581
5.	Kroger	117.527
6.	Walgreens Boots Alliance	110.673
7.	Home Depot	108.203
8.	Aldi	106.175
9.	CVS Health Corporation	83.989
10.	Tesco	82.799

Source: Deloitte, 2020

Table no. 3. The world's ten largest retailers by their total revenues in 2019

No.	Corporation	Retail revenues (\$B)
1.	Wal-Mart	523.964
2.	Amazon	158.439
3.	Costco	152.703
4.	Schwarz Group	126.124
5.	Kroger	121.539
6.	Walgreens Boots Alliance	115.994
7.	Home Depot	110.225
8.	Aldi	106.326
9.	CVS Health Corporation	86.608
10.	Target	81.347

Source: Deloitte, 2021

Table no. 4. The world's ten largest retailers by their total revenues in 2020

No.	Corporation	Retail revenues (\$B)
1.	Wal-Mart	559.151
2.	Amazon	213.573
3.	Costco	166.761
4.	Schwarz Group	144.254
5.	Home Depot	132.110
6.	Kroger	131.620
7.	Walgreens Boots Alliance	117.705
8.	Aldi	117.047
9.	JD.com	94.423
10.	Target	92.400

Source: Deloitte, 2022b

The above outcomes highlight several issues:

- The American corporations were highly predominant and occupied leading positions in the top in the period 2018-2020.
- Wal-Mart was by far the largest corporation in the world by its retail revenues in the period 2018-2020.
- The top of the first ten world's largest corporations by their retail revenues remained pretty much the same in the period 2018-2020.

These retailers owe a great part of their business success to their corporate and business strategies. In this respect, some of their common features may be revealed as follows:

- Strategic thinking represents their key element in achieving high performances (Toma et al., 2016b).
- Their corporate strategies demonstrate the permanent use of a plethora of techniques and methods that belong to various specializations (e.g., management, marketing, strategic management):
 - benchmarking;
 - strategic planning (Toma, 2013);
 - PEST analysis;
 - quality management (Toma and Naruo, 2009);
 - TOWS matrix;
 - marketing mix (Catană and Toma, 2021);
 - lean management;
 - Six Sigma (Toma, 2008) etc.

- Accomplishing their mission constitutes a fundamental endeavour from a strategic point of view (Ulwick, 1999).
- Embedding social responsibility in their daily activities and processes represents a major task to be fulfilled in a strategic way (Toma et al., 2011;
- Imbrișcă and Toma, 2020; Zainea et al., 2020).
- The entrepreneurial orientation constitutes a continuous concern for their top management (Grădinaru et al., 2017b).
- Their top management design and implement more and more green business
- models in connection with their corporate and business strategies (Toma and Tohănean, 2019).
- Their business strategies are increasingly based on creativity and innovation (Toma et al., 2018), digitalization (Tohănean et al., 2018) and the creation of pleasant customer experiences (Toma and Catană, 2021).
- Providing low prices for merchandise is at the core of their business strategies (Vance and Scott, 1992; Grădinaru and Toma, 2017c).
- Attaining excellence in customer service offers an enduring competitive advantage for all big retailers (Donaldson, 1995).

Therefore, achieving business success in global retailing should be seen as a challenging and rather difficult attempt in a highly competitive environment.

5. CONCLUSIONS

Global retailing constitutes a very dynamic and complex sector in the age of globalization. Today's business environment imposes retailers all over the world to design and implement competitive strategies in order to survive and grow.

This research contributes to a better understanding of the concepts of corporate and business strategy. Also, it identifies some of the main characteristics of these important terms in global retailing. The paper shows that the world's largest retailers are located in the United States of America. These corporations succeeded in obtaining a durable competitive advantage.

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