

Chapter 13

Corner Store and Competitiveness Opportunities

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ABSTRACT

Since the decade of the 1960s, the retail trade has evolved in a dizzying way. This has put at risk the permanence in the market of the traditional distribution and final sale models in which the local store is established, and whose existence has favored the development of the urban settlements in Latin America and, particularly, in Colombia. However, at present these may not be sufficient in the face of the development of new business models and technological platforms that have facilitated the acquisition process of products of primary necessity in a market composed of consumers with less availability for purchasing. In this sense, the local store assumes risks that can be addressed through the implementation of strategies that not only depend on the competitiveness conditions provided by the national government, but also on the decisions that autonomously take as a business model, whether as sector or as individual level. The chapter recommends actions to be implemented by the shopkeepers in the search for their permanence in the market.

INTRODUCTION

The local store is a business model that has been recognized as important in the economic and social development of the country. However, despite several investigations that have chosen it as its object of study, most of them have not gone further from determining its characteristics, importance to the environment in which it operates, and the conditions that have allowed it to remain in a market that undergoes frequent changes, jeopardizing its continuity as a means for distributing staple items.

DOI: 10.4018/978-1-5225-9425-3.ch013

In an environment who is changing at a very fast pace, companies, regardless of size or economic sector, must develop the mechanisms to maintain themselves. Thus, the local store is no exception even though due to its features, it has a place in the consumer's buying habits.

The local store is mainly a phenomenon that occurs in socioeconomic levels with lower income distribution. According to the current social classification¹ model in Colombia, 92% of these stores are located in strata 1, 2 and 3; 6% in stratum 4, and only 2% in stratum 6.

Therefore, the permanence of the local store in Colombian society is vital for the sale of staple items, since it generates financial and social impacts for the communities to which it belongs.

This chapter seeks to identify aspects of that changing environment that may be detrimental to the store, and suggest some mechanisms that should be taken into account by shopkeepers in the search and creation of a favorable competitive environment, and to ensure that this happens in that way.

Taking into consideration the mentioned above, in the first instance, the historical development of the concept of local store is presented, describing the threats it has overcome and that have generated changes in the marketing and sales model of staple items through the different retail participants.

Secondly, the delineation of the local stores is done taking into account the perspective of different authors who define it not only as a business but also as a place of social cohesion of the community. Afterward, some features of the shop's current functioning are shown in aspects directly related to the possibility of being a competitive partaker in the retail market.

Next, a brief compendium of competitiveness and its fundamental elements is made, so establishing the current state of the country and relating some of the actions that, according to the Private Competitiveness Council, must be taken by the national government to strengthen conditions that favor national companies' competitiveness.

Then, the risks the local store is currently facing are set while addressing a perspective to the future, given that it is continuously evolving in the way of the distribution of the products sold in the store.

Finally, the conclusions of this research work are presented. Mechanisms to be implemented by the shopkeepers are established, and some actions are suggested that can help this business model to continue surviving in an environment that becomes more hostile over time.

EVOLUTION OF THE LOCAL STORE

The local store in Colombia is a concept that evolves through history partly because it has played a fundamental role in the supply of elements of first necessity for families, especially in urban sectors. The corner shop as a place of commerce has existed since the colonial era when products had to be collected and distributed in such a way that they could reach the population that congregated in the urban centers of a country that was barely under construction (Triana, 1989, as cited by Páramo).

At that time, in addition to the needs of the population, the intentions of some for economic independence arose beyond the existing job options which led to the emergence of a type of merchants who saw in the shop as a means to generate income and employment opportunity for one or more members of a family (Tirado, 1998).

The store evolves, it does not remain static, it grows and acquires greater social relevance for the community in which it is located. Londoño and Navas (2014) describe the evolution of the concept from the moment in which it serves as a place of barter, business and exchange of goods and services by indigenous people, going through the "striped shop" in which the credit is added as a natural and

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