



**Chapter XI**

**Contemporary IT-Assisted  
Retail Management**

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**ABSTRACT**

*The chapter describes the consequences of the use of IT in the field of retailing. We will discuss the area at matter beyond the perspective of retail marketing and logistics strategies. In particular we show, how IT is used to reengineer retail formats in order to allow customized shopping experience and how new retail channels such as Internet-based retail formats could be used to address new customer groups. IT in retail logistics help to implement just-in-time-oriented demand synchronized delivery systems. In such systems cross docking operations are performed to eliminate inventory in the channel. The basic notions of the presented ideas are applied to a case company, which is a leading retailer and belongs to the German Rewe Group.*

**INTRODUCTION**

Retailing plays a major role in today's economy. Since the early 1990s, retailing has grown domestically and internationally. The 1.5 million retailers in the US and the 3.3 million wholesalers and 1.1 million retailers in Europe contribute about 10 % to the gross national product of their respective economies (EC, 1997). Every fifth employee is working in this sector, which makes wholesaling and retailing the second

largest employer after manufacturing (Levy & Weitz, 1998, p. 11). Table 1 presents the world's leading retailers, where German, British, French, Dutch and Japanese retailers follow the US-based Wal-Mart Stores, Inc..

Although the majority of retail companies belong to the group of micro, small- and medium-sized companies—about 75% of all retailing companies are small to medium sized with sole proprietorships—the major dynamic in the retailing industry is mostly contributed by the “big retail players” like Metro, Aldi or Rewe (all German retailers), the Dutch Ahold, UK's Tesco or Sainsbury, and of course Wal-Mart, the world's biggest retailing company. However, the downturn in consumption and the increasingly international focus of relationships with suppliers have forced large retailers to adopt new strategies, taking the form of acquisitions, diversification or globalization. Successful retailers have to be flexible and have to simultaneously look for economies of scale. IT-based retail management helps retailers to gain competitive advantages. According to the scope of this book, this chapter presents how IT has created a new mandate for retail management and presents IT-based retail business models and frameworks. The following chapter discusses the subject from two perspectives and applies the introduced concepts to the Austrian BML-Group as a case company (see Table 2).

## BACKGROUND

### Retailing—Definition, Activities, and Channel Formats

Retailing is a set of business activities that add value to the products and services sold to end users (e.g., Berekoven, 1995; Levy & Weitz, 1998). This set of activities

*Table 1: The world's leading retailers in 2000 (Source: Anonymous, 2001, p. 6)*

	Company name	Country	Sales in Billion US \$	Profit in Billion US \$
1	Wal-Mart Stores Inc.	USA	191.33	6.30
2	Carrefour	France	59.94	0.99
3	The Kroger Co.	USA	49.00	1.13
4	Royal Ahold	Netherlands	48.53	1.03
5	Metro AG	Germany/Switzerland	43.40	-
6	Albertson's	USA	36.80	0.87
7	Rewe	Germany	34.85	-
8	Tesco	Great Britain	32.90	0.65
9	Costco Companies	USA	32.17	0.63
10	Aldi	Germany	32.00	-
11	Safeway Inc.	USA	31.98	1.09
12	ITM Enterprises (Intermarche)	France	30.81	-
13	Edeka/AVA	Germany	29.80	-
14	Ito Yokado	Japan	28.66	0.42
15	Tengelmann	Germany	27.58	-
16	J. Sainsbury	Great Britain	26.31	0.56
17	Daiei	Japan	22.42	0.20
18	Auchan	France	24.10	0.35
19	Jusco	Japan	22.42	0.13
20	E. Leclerc	France	22.40	-

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