

THE IMPACT OF GLOBALIZATION ON DISTRIBUTION PROCESS

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Globalization represents a fundamental transformation of the structures, organization and nature of international commerce. The extension of globalization and the emergence of transnational societies has brought along an increased preoccupation for the components of the marketing mix, especially the distribution policy.

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Globalization represents one of the most important concepts necessary for understanding the contemporary European reality. The changes this process develops are noticed throughout different fields: social, political and economical. The process of migration and the demographical tendencies influence the movement of work forces in the work market. Some of the involved aspects are women taking part to work, job crisis, unemployment and the risk of own business.

The concept of 'globalization' is used in different types of definitions: analytical (peculiar sides of the social life), realistic and historical. Despite ambiguity in defining it, globalization goes with the dynamics similar to re-conception of some notions such as state-nation, organization and community.

The most obvious signs of economic globalization are the constant acceleration of the increasing rhythm of international commerce and of the trans- frontiers investments, and also the increasing in competition which should result in welfare.

Globalization represents a fundamental transformation of the structures, organization and nature of international commerce. All the industrial sectors undergo deep structural changes which become more obvious in the sectors highly based on advanced technologies (such as car industry, pharmaceutical industry, telecommunications, etc).

Economic globalization can be defined by three peculiar dimensions: discipline in global market, financial contents and economic network. The market discipline refers not only to goods and products but also to work and capital. The financial contents refers to the speed money travels across the borders and the economic networks are founded on the economic information.

Globalization redefines the role and functions of nation state, emphasizing its strategic role in coordination – the form of intelligent competitive state – opposing to the interfering redistributive state, specific to the period after the Second World War.

The extension of globalization and the emergence of transnational societies has brought along an increased preoccupation for the components of the marketing mix, especially the distribution policy.

Starting from the mid '90s, the process of distribution internationalization has intensified; the number of retailers looking for an expansion on foreign markets has grown every year. Thus, large groups of distributors, such as: Wal-Mart (U.S.A.), Carrefour (France), Ahold (Holland), Tesco (England), each of them dominant on their internal market, have extended their distribution activities in a growing number of countries.

According to Deloitte, in 2004, the top 10 world distributors could be characterized as follows:

Table no. 1.

<i>Place</i>	<i>Group</i>	<i>Country</i>	<i>Main activity</i>	<i>Turnover (thousand million usd)</i>	<i>Percent of sales on international market (%)</i>
1.	<i>Wal-Mart</i>	<i>USA</i>	<i>Non food</i>	<i>285,2</i>	<i>20,00</i>
2.	<i>Carrefour</i>	<i>Franța</i>	<i>Food</i>	<i>90,4</i>	<i>50,80</i>
3.	<i>The Home Depot</i>	<i>USA</i>	<i>Shop</i>	<i>73,1</i>	<i>5,70</i>
4.	<i>Metro</i>	<i>Germania</i>	<i>Cash&carry</i>	<i>70,2</i>	<i>49,00</i>
5.	<i>Ahold</i>	<i>Olanda</i>	<i>Food</i>	<i>64,7</i>	<i>80,00</i>
6.	<i>Tesco</i>	<i>Anglia</i>	<i>Food</i>	<i>62,3</i>	<i>15,00</i>
7.	<i>The Koger Co.</i>	<i>USA</i>	<i>Food</i>	<i>56,4</i>	<i>0,00</i>
8.	<i>Sears Holdings Corp</i>	<i>USA</i>	<i>Shop</i>	<i>55,8</i>	<i>22,00</i>
9.	<i>Rewe</i>	<i>Germania</i>	<i>Food</i>	<i>50,7</i>	<i>28,00</i>
10.	<i>Intermarché</i>	<i>Franța</i>	<i>Food</i>	<i>47,3</i>	<i>30,00</i>

First 10 world distributors in 2004

This ranking of the top 10 world distributors shows that European distributors prevail and their main activity is in the food sector, whereas the other distributors, namely the Americans, are mainly activating in non-food fields. Another conclusion of this ranking concerns sales on international markets, and the European distributors clearly stand out in comparison to the American ones.

The increased internationalization of trade was generated by:

- external factors, such as: the saturation of national markets, the restrictive legislation in certain countries, the price fall of transportation, the existence of groups of international consumers having the same homogenous needs regarding trans-cultural products;
- internal factors, such as: the search of superior growth and profitability levels to those in the home countries, the geographical distribution of risks connected with multinational exploitation, the strong belief in an exportable know-how, and the distributor's desire of power growth, both when it comes to sales and the capacity to negotiate with international producers.

The interest of more and more distributors in creating relations with transnational companies is determined by:

- **The power and dependency of relations** – transnational companies are the suppliers having the most important negotiation power in their relations with distributors. The power of transnational companies resides in the products offered on the market and their notoriousness in the relation with distributors. Their power is considered by specialists to be a contribution to the distributor's turnover. The increasing investments of transnational companies in marketing and logistics in order to develop a distributed administration on supplies, marketing or merchandising, have almost succeeded in generating a dependency of distributors, while suppliers benefit from the advantage of being almost indispensable to the latter.
- **Common goals for suppliers and distributors** – common projects are undertaken in marketing, merchandising and logistics.

- **Trust** – Trust is mainly based on competencies awarded to the partner and is basically limited to the technical aspects of a partnership.

The retail European market presently illustrates the fact that many retailers are willing to become members of a group of acquiring in order to increase their purchase power and also to preserve their commercial independency. This fact is determined by the arrival on the Central and Eastern European market of international retailers that have started to bring trouble for the locals. The main groups of acquiring on the market are:

Table no. 2

<i>Groups of acquiring</i>	<i>Members</i>
<i>EMD</i>	<i>ABVassilopoulos (Grecia), Axfood (Suedia), Delhaize Group Europe (Belgia), Delvita (Cehia), ESD Italia (Italia), Euromadi Eberica (Spania), Markant Central European (Cehia), Markant Deutschland (Germania), Markant Slovensko (Slovacia), Mega Image (România), Musgrave Group (Irlanda), Nisa – Today's (Marea Britanie), Super Gros (Danemarca), Superunie (Olanda), Systeme U (Franța), Tuko Logistics (Finlanda), ZEV Markant (Austria)</i>
<i>AMS</i>	<i>Ahold (Olanda), Caprabo (Spania), Dansk Supermarked (Danemarca), ICA (Norvegia, Suedia plus Statele Baltice printr-o alianță cu Kesko), Jeronimo Martins (Portugalia), Kesko (Finlanda plus Statele Baltice printr-o alianță cu ICA), Morrisons (Marea Britanie), Superquinn (Irlanda)</i>
<i>Alidis</i>	<i>Intermarche (Franța), Eroski (Spania), Edeka (Germania)</i>
<i>BIGS (International Group SPAR)</i>	<i>Deținătorii francizei SPAR din următoarele țări: Austria, Belgia, Cehia, Danemarca, Irlanda, Finlanda, Grecia, Ungaria, Italia, Olanda, Slovenia, Elveția, Marea Britanie</i>
<i>Bloc</i>	<i>Cactus (Luxemburg), Cora Louis Delhaize (Belgia), Delberghe (Belgia), Deli XL (Belgia), Distri-Group 21 (Belgia), Francap (Franța), Frost Invest (Belgia), Hanos Nederland (Olanda), HMIJ EUG (Belgia), Huygheert (Belgia), HorecaTotaal (Belgia), Lambrechts (Belgia), La Provencale (Luxemburg), LDIP (Belgia), Maximo (Franța), Theunissen (Belgia). VAC (Belgia)</i>
<i>CBA</i>	<i>Different store of independent retail and wholesalers from Bosnia-Herzegovina, Bulgaria, Croația, Ungaria, Letonia, Lituania, Muntenegru, Polonia, România, Serbia, Slovacia, Slovenia</i>
<i>Coopernic</i>	<i>Colruyt (Belgia), Conad (Italia), Co-op Schweiz (Elveția), Leclerc (Franța), Rewe (Germania)</i>
<i>Crai</i>	<i>Different store of independent retail and wholesalers from: Albania, Italia, Malta, Elveția</i>

Main groups of acquiring in Europe

Strategic alliances consist in starting ad-hoc companies with a local partner in view of administrating the business partners' common initiatives. In the internationalization process, strategic alliances bring the opportunity to overstep strategic, administrative and political boundaries inherent when a company penetrates an external market.

The main advantages of strategic alliances are the following: easier access to new markets, division of costs and risks, knowledge and experience sharing, increased competitiveness, the synergic effect of common resources.

On the other hand, strategic alliances also have a series of disadvantages, such as: incompatibility of partners, access to information, division of profits, the risk of losing one's autonomy, the variation of the initial data.

After 1989, Romania has been subject to a complex process of economic, social, and institutional reform generated by changing the communist political system, becoming a free country and embracing market

economy. This complicated process is developing along with the globalization of world economy and our adhesion to European and Euro Atlantic organizations.

It is very important for Romania, as well as for the other developing countries that their authorities together with the international community, on constructive positions of partnership, come up with a reasonable balance between economic adjustment and developing, between the costs and advantages of globalization.

Romania is only part of production and distribution in multinational companies, lacking for the time being the necessary force to play an active part on international markets.

Although there are several Romanians that have been awarded international prizes for inventions and innovations, Romania is only a beneficiary of these forms of international collaboration.

After the 1990s, large multinational companies have taken the opportunity to enter the Romanian market. A still fragile, economically challenged market did not allow the development anticipated by analysts. After 1996 though, important cities, especially Bucharest, have experienced the first changes.

The first modern retailer to conquer the Romanian market was La Fourmi, a company of Lebanese capital, in 1991. It was followed 5 years afterwards by the first cash&carry store of the German group Metro. This has made it possible for Romanians to envision another type of commerce: quick shopping for superior ranges of products to the usual store, with a different yet practical display.

In 1999, BILLA group opens their first supermarket in Bucharest and a new type of cash&carry store opens as well: Selgros Cash&Carry.

The year 2001 was a premiere for Romania and for the retailing market due to the opening of the first hypermarket, Carrefour.

The largest share held by international retailers in Romania belongs to discount stores (40.9%), followed by supermarkets (28.6%), hypermarkets (18.5%), cash&carry stores holding the smallest share (12%). The large share held by discount stores was determined by the fast expansion of this channel, as well as by the appearance and continuous development of logistic warehouses. This has made it possible for discounters to be the segment having the best and widest spreading across the country, especially to medium-sized and small towns.

At the end of 2006, the position of international retailers in Romania was the following:

Table no.3

<i>Nr. crt.</i>	<i>Name of store</i>	<i>Type of store</i>	<i>Number</i>
1.	<i>Metro</i>	<i>Cash&carry</i>	23
2.	<i>Selgros</i>		16
3.	<i>Carrefour</i>	<i>Hipermarket</i>	8
4.	<i>Cora</i>		3
5.	<i>Auchan</i>		3
6.	<i>Real</i>		9
<i>Nr. crt.</i>	<i>Name of store</i>	<i>Type of store</i>	<i>Number</i>
7.	<i>Kaufland</i>	<i>Hipermarket</i>	31
8.	<i>Interex</i>		10
9.	<i>Spar</i>		1
10.	<i>Billa</i>	<i>Supermarket</i>	25
11.	<i>Artima</i>		20
12.	<i>Mega Image</i>		20
13.	<i>Albinuța</i>		9
14.	<i>La Fourmi</i>		14

15.	<i>G'Market</i>		5
16.	<i>Spar</i>	<i>Discount</i>	10
17.	<i>Profi</i>		35
18.	<i>Plus Discount</i>		46
19.	<i>Penny Market</i>		37
20.	<i>MiniMAX</i>		10
TOTAL			334

International retailers in Romania

According to these data, we could assume that Romania is not only an attraction for food retailers, but also for the new producers and distributors. Thus, merchants will be able to go on strengthening their positions on the market by obtaining a continuously larger market share.

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