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FAST GROWTH RETAILERS: ENTREPRENEURSHIP, CORPORATE STRATEGY AND THE NEW RETAIL GEOGRAPHY

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ABSTRACT

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by Neil Kenneth James Sackett

The pace of change in the retail environment has accelerated, and the nature of the changes occurring diversified, over the past two decades. The so-called retail revolution has been matched by a resurgence of academic interest in the subject from a variety of disciplines, recognising both the social significance of shopping and consumption, and the dynamic nature of the retail sector as a business environment. A separate body of research suggests that fast-growth businesses, in particular, are those which are acting as agents of change, being innovative, pioneering new ways of trading, and opening up new markets. This thesis identifies a group of fast-growth retail businesses (FGRs) and uses qualitative research methods to explore the manner in which they achieve fast growth and their impact on the nature of the retail environment. Consideration is given to the entrepreneurial origins of FGRs, the drive to achieve rapid growth, and the impacts of growth strategies at a variety of spatial scales from national store networks to the use of store space. This study provides insights which contribute to both the study of retail geography and that of fast-growth firms. FGRs are revealed to be important agents of change in the retail environment. However, while the sample firms are innovative within the context of their own marketplace, they are shown to draw on a much wider range of influences, both inside and outside their sub-sector, in the development of a successful retail format. As fast-growth businesses, FGRs highlight the roles of retail entrepreneurs in developing a retail format and the business model to realise the vision. Retail entrepreneurs also highlight variations of serial entrepreneurship and emphasise the occurrence of 'messy' start-up circumstances in the firms' development. While the FGRs of the 1980s, such as the Body Shop and Tie Rack, have become established elements of the contemporary retail landscape, this study demonstrates that the FGRs of the 1990s are key elements in shaping the retail trading environment and shoppers' changing experiences of consumption.

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Declaration

I confirm that this thesis is the result of work wholly completed by myself while in registered postgraduate candidature.

Neil Sackett, March 2000.

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1

RETAIL REVOLUTIONS

1.1 **Introduction** An Era of Consumption

"In little more than twenty years retailing has moved from being a dull business backwater to become one of the most important, dynamic sectors of the British economy. It has had an irreversible impact on our towns and cities and, for many people, transformed shopping itself into a pleasurable 'leisure experience'."

(Gardner and Sheppard, 1989; p.1).

Since the 1970s a revolution has taken place which has seen the rise of retailing both as a leading edge industry and as the basis on which leisure activities and personal identities are constructed. While retailers have pioneered post-Fordist business practices, including the exploitation of economies of scope rather than economies of scale (Murray, 1988), shopping has become an act of consumption. Where once it was perceived as a means of simply acquiring food to eat and clothes to wear, today shopping is a way for people to spend their leisure time and to define their own identities through the fashions and lifestyles they buy into (Newby, 1993).

Three key trends have characterised the physical manifestation of the retail revolution: an ever changing array of company names over retail premises; the changing nature, and profusion, of places where it is possible to go shopping; and changing in-store strategies adopted by retailers to attract custom and sell products. This retail revolution has been described as *"arguably the most significant, far reaching economic and social phenomenon of the age"* (Gardner and Sheppard, 1989; p.1), reflecting the relationships the retail industry has with many different aspects of contemporary society; city morphology, regional economic well-being, leisure activities and personal identity have all modified, and been modified by, changes in the retail environment.

"The retail landscape continually is washed by waves of innovation. New products, new store types and new locations emerge, and new market segments are identified. There is a constant interplay among the actors - the retailers, the consumers, and the developers. In this system, the winners and losers are quickly identified and new retail environments constantly evolve."

(Jones, 1991; p.399)

In the following sections the nature of retail change is more closely examined with a view to identifying the key forces driving those changes and highlighting the key research themes facing those studying the retail environment.

1.2 The Changing Names of Retailing

The ever changing array of names over retail outlets has been one of the key manifestations of the retail revolution; the formation of new businesses and the merger or acquisition of others brings new names to prominence, while others disappear as companies are consumed by rivals or fail. For example, the privatisation of regional electricity utilities was followed by retail expansion; however, subsequent rounds of mergers and consolidation have seen some names disappear from the retail landscape (Guy, 1998a). In other cases, existing companies reformatting and repositioning themselves may also change their names. The intricacies of the business environment therefore have a direct impact both on the look of retail environment and the consumption possibilities presented to customers.

Trends towards both concentration and diversification have characterised the retail revolution in the UK. While grocery supermarkets, in particular, have experienced the concentration of retail capital in a relatively small number of large chains, non-food retailing has demonstrated a shift towards increasing diversity. The small and regional chains which dominated grocery retailing twenty years ago, such as International, Liptons and Julian Fluke, have since been taken over or have been pushed out by larger rivals so that the market is now dominated by four firms: J Sainsbury, Tesco, Safeway and Asda. The new generation of grocery superstores has used size, purchasing power, larger store formats and a correspondingly wider product range to radically alter the marketplace, leaving many of the original grocers unable to compete. By contrast non-food retailing has been characterised by both concentration through the emergence of category killers, such as Toys R Us and Office World, and diversification through the development of niche retailing, characterised by firms such as Wax Lyrical and Sock Shop.

1.2.1 New Companies

The successful retail formats which have come to epitomise retailing in the 1980s and 1990s, including companies such as Next and The Body Shop, are notable because their success has been accompanied by the rise to prominence of two principle retail forms: the niche format and the category killer. Niche retailers typically meet demands in sectors which were previously dominated either by local independent stores or particular sections of larger chain and departments stores, such as John Lewis and Marks & Spencer. Their success has both served to fragment the retail landscape as well as emphasise the importance of identifying a precise target market to achieve retail success.

While niche retailers seek to precisely identify one segment of a particular market, category killers achieve success by trading as generalists; typically category killers seek market domination through volume of sales across a very broad range of goods in sectors with low rates of concentration. Many such companies are based on an American style of retailing, typified by toy giant Toys R Us, which is often seen as a role model for would-be category killers. Such stores tend to be big format, shed style units, with price often being integral to their perceived attraction.

1.2.2 Failing Companies and Market Changes

The increased power of the large grocery supermarkets, alongside the emergence of non-food retailers in both the niche and category killer moulds, has served to alter the retail environment for other retailers as well as consumers. The rise of the large grocers, in particular, has profoundly altered the trading environment for all retailers, including both other food and non-food based businesses. As the grocers have dominated the food markets they have sought new strategies for generating a competitive edge and looked to particular markets into which to spread their influence. Pressure exerted by the rising power of both supermarkets and new formats such as category killers has therefore resulted in the disappearance of some other names from the high street.

Supermarkets have been able to exert pressure on competitors in a variety of ways including, for example, positioning the companies as "shoppers' champions" to break over-pricing. Thus, Asda has suggested that it is trying to break restrictive practices, such as price maintenance on vitamins, to bring consumers lower prices on these products (Retail Week, 1996b). Similarly, Tesco has bought cheap batches of branded clothes and sportswear on the international grey markets. The company is able to both exert pressure on other grocers, by attracting customers via a price offer, and on non-food retailers, by moving the businesses further into the clothing markets (Porter, 1998).

Mixed goods retailers, such as W. H. Smith and John Menzies, have also seen their marketplace radically altered partly as a result of the actions of the supermarkets. Expanded supermarket product ranges mean there is very little reason to visit specific stores dedicated to such a product mix (Walsh, 1998; Retail Week, 1998a). The pressure has been exacerbated by the emergence of both specialist niche retailers and category killers, which have further subdivided product markets and fragmented the retail landscape. The likes of John Menzies have therefore been left in ill-defined markets, presenting the consumer with a blurred proposition. Partly as a result of this situation, John Menzies has pulled out of high street retailing to become a dedicated distribution operation (Retail Week, 1998a).

1.2.3 The New Retail Entrepreneurs

Many of the retail businesses which have emerged in recent years have become synonymous with their founders or entrepreneurs in such a way that the businesses are sometimes also perceived as vehicles for personal philosophies. The market positioning of many fast-growth retail businesses (FGRs) is therefore rooted in the aspirations and ideas of particular retail entrepreneurs. Consequently the changing nature of the retail landscape is dependant both upon successful business strategy and the vision of key individuals. In the case of The Body Shop, it is Anita Roddick's personality and campaigning for environmental causes and Fair Trade which not only define the company but also the way the company's positioning has created a market niche (Stoner *et al*, 1995). These aspects of the company have been important both as an influence on consumption choices and as inspiration for other retailers. Other entrepreneurs, such as Julian Richer (Richer Sounds), and Richard Branson (Virgin), have similarly been central in designing the firm's positioning and in defining its public perception.

The importance of retail entrepreneurs is further emphasised by a significant number of instances of serial entrepreneurship, whereby a single person is responsible for the establishment of a number of successful retail business. For example, Sophie Mirman, who, alongside Roy Bishko was responsible for the success of Tie-Rack, also co-founded Sock Shop; both companies have been significant forces driving the growth of railway station and airport retailing (Tie Rack, 1996; Burns and Kippenberger, 1988). Following the demise of Sock Shop, Mirman branched out into the emerging quality fashion mail-order market with children's wear retailer Trotters (Franchise Magazine, 1998). Other serial entrepreneurs of this nature include Giles Clarke, of Majestic Wine and Pet City; Richard Northcott, of Dodge City (later B and Q) and Majestic Wine; and John Beale, of the Early Learning Centre and Past Times.

1.3 New Retail Landscapes

1.3.1 From Cornershops to Mega-Malls

The retail revolution has, over the past twenty years, also been characterised by a proliferation in the number and nature of the places where people can shop. The move out-of-town was pioneered by French grocery hypermarket Carrefour in the late 1970s. By the 1990s, parks of shed-style retailers selling a wide range of products, including DIY materials, electrical goods, furniture, carpets, pet supplies and clothing, have become common features both on the edges of Britain's cities and on redeveloped brown-field sites. Out-of-town retailing has also evolved with the emergence of regional shopping centres, often built in conjunction with retail parks, which may also include leisure facilities such as cinemas or bowling alleys. However, city centre retailing has also changed, with new retail formats emerging to meet the out-of-town challenge and new areas of the central city being opened up to retail development.

1.3.2 Retail Parks

Although French hypermarket Carrefour was a pioneer of out-of-town retailing in the UK, the phenomenon has become more closely associated with North American retail culture. US giants, such as Toys R Us and Wal-Mart, have provided the template, which has subsequently been modified by the developments specific to the UK marketplace. Retailers of bulky goods, such as furniture and white goods, initially moved out-of-town where there was plenty of space to display products, and ease of vehicular access meant that the retailers could take advantage of rising levels of income and associated increases in car and home ownership. The 1980s also witnessed a boom in the DIY market, triggered by rising home ownership. This phenomenon is well suited to the out-of-town retail concept, where the easily accessible large format stores enable customers to both see wide ranges of goods and to purchase goods to take away with them in their own cars.

Increased car ownership has also served to reveal the limitations of city-centre road and parking provision. High land values have meant that free car parking is rarely provided, while traffic congestion has led to increased journey times and rising driving stress levels (Guy and Lord, 1993). The absence of consumer-friendly access and facilities in the city centre has further promoted out-of-town locations as a viable alternative, where parking is free and access to the motorway network tends to be easy. Consequently a wider range of retailers has started to exploit opportunities away from the traditional retail zones (Guy, 1994;1998a), and the two location types now compete more directly for consumers shopping for the same items (Rowley, 1993).

1.3.3 Regional Shopping Centres

The process of city centre retailing moving to out-of-town locations reached its logical conclusion in the form of the regional shopping centre. These retail environments are enclosed mall developments of predominantly small-format (city centre style) retail units which also originated in the US. Malls not only provide a wide variety of retail choice and ease of access by car, but also present a clean and safe environment, which, Meikle (1995) suggests, has served to generate negative characterisations of city centre retail areas. Regional shopping centres began to appear in the UK in the mid 1980s, with the largest being the recently opened Bluewater development in Kent. Bluewater follows the example set by Gatehead's Metro Centre, seeking to attract customers by presenting shopping as a leisure experience and by marketing the centre as a tourist attraction on its own terms (Chaney, 1990). Metro Centre has, through its architecture and decoration, sought to make consumption fun and something consumers will enjoy spending time doing and will be willing to travel greater distances to experience. To emphasise the role of the mall as a tourist attraction, the developers of West Edmonton Mall declared at it's opening that:

> "*What we have done means you don't have to go to New York or Paris or Disneyland or Hawaii. We have it all here for you in one place, Edmonton, Alberta, Canada!*"
>
> (Crawford, 1992; p.4).

Like the West Edmonton Mall in Canada, the Metro Centre and Bluewater have helped change consumption patterns in the UK by suggesting that shopping is itself a leisure activity.

Mall design seeks to suspend normal senses of time, space and climate and to use the power of place to manipulate shoppers' movements and propensity to spend money (Goss, 1993). Consumers are presented with a dazzling array of activities and possibilities, which are designed to deliver customers, ready to spend money, to the retailers. Features are therefore included which prolong customers' dwell time in the mall; leisure activities provide interesting diversions, while the position of escalators and exits ensures that people get to see the maximum number of retail outlets. Malls, Goss (1993) reasons, appear to be everything they are not. For example, they appear in the guise of public places, where people can spend time relaxing, while actually being highly controlled private spaces designed to encourage spending. Similarly, the fragmented images used to decorate malls create a unique sense of time and space, while a lack of windows and clocks further separates mall space from the real world that lies beyond its walls.

Different parts of Metro Centre are decorated to suggest different geographical locations or historical periods. Even empty units are covered by hoardings painted with street scenes from the Nineteenth Century. There is also an area known as 'Antiques Village', which includes features such as a waterwheel, house frontages and cobbled streets, while 'The Forum' evokes classical architecture and imagery. Likewise, Metroland is a playground area of fairground rides, where the fairy tale Kingdom of the centre's mascot King Wiz is created (Chaney, 1990). The Disneyesque effect draws on ideas pioneered by the West Edmonton Mall, which itself includes areas decorated as Parisian boulevards and the streets of New Orleans.

The process of preparing customers to purchase starts outside the confines of the mall, through the power of producer and retail brands, promotion and advertising. The all-pervasive nature of the commodification of society is therefore both reflected in, and promoted by, the emergence of retail parks and shopping. Knox (1991) argues that society increasingly resembles a 'supermarket writ large', while Crawford (1992) sees the world of the mall as being a sharp reflection of contemporary western society; shopping malls arguably contain all the component parts of modern lives.

1.3.4 The Changing City Centre

The rise of out-of-town retail parks and malls has long been seen as a harbinger of the death of the high street. Whilst malls have certainly made an important impact on the broader retail environment, including attracting some non-retail activities more usually associated with the city centre (Lowe, 1991; Goss, 1993), traditional retail areas have evolved rather than faded altogether. However, traditional centres such as Dudley, which has lost facilities such as the Post Office and library to the near-by Merry Hill retail development, continue to face difficulties as retailers find they have to locate to malls in order to maintain their own competitive positions. As Boots the Chemist notes:

"... 'it would be commercial suicide not to seek representation, as we would lose business and not get it back'. In practice it has meant that they had to build new shops on the new sites to the detriment of their existing shops"

(Hawksley, 1995; p.33).

City centres have responded to the changing retail landscape in a variety of ways. These include the development of mall-like centres, such as Bristol's Broadmead Galleries, which emulate the mall qualities of retail variety, safety and climate control. In certain cases, such as Southampton's West Quay project, inner-city malls have been developed alongside shed-style units and the provision of cheap parking and fast road access from the motorway network. The out-of-town style of development is thus being transplanted as a method of central city regeneration. Changes in the constitution of city retail space have also opened up old retail units for redevelopment for alternative activities. City centre space is consequently currently seeing changes in land-use, with a particular bias towards leisure in the form of bars, cafes and theme pubs. City centre redevelopment has been boosted by legislative changes, which have attempted to arrest the growth of out-of-town sites. However, although Public Planning Guidances six and thirteen and their subsequent revisions (PPG6, PPG13) (DoE; DoT, 1995; 1996) have attempted to reshape planning attitudes, around 30 million square feet of new retail space was opened in the UK between 1986 and 1990 (Carve, 1994).

Recently, a number of out-of-town retailers have re-evaluated their location strategies. In particular, some grocery supermarkets have re-launched city-centre format stores. However, the actions of Tesco, J Sainsbury and Marks & Spencer in this regard (Carve, 1994), should be understood as a strategic response to broader market conditions, and not simply as a reaction to planning changes. Rather the city centre shops are a reflection of the fragmented nature of contemporary retailing; Tesco Metro and Sainsbury's Local formats tend to take the form of 'niche supermarkets' aimed specifically at an upmarket clientele of business workers, unlike the family-orientated positioning of out-of-town stores. The changing nature of the retail landscape therefore needs to be understood both in terms of the interaction between retailers' locational demands and constraints, and the retailers' broader strategic aims.

1.3.5 Alternative Landscapes of Consumption

Retailing in the 1990s has moved beyond the confines of clearly defined zones, such as the city centre or the mall, to encompass a diverse range of alternative locations including railway stations, airports, service areas and heritage sites. Where once stations and airports included a newsagent and a fruit or flower stall, today many feature mall-like areas. The emergence of new retail landscapes reflects the all-pervasive nature of consumption culture as well as the revenue generating possibilities presented to landlords and retailers alike (Bills, 1998; Oppenheim, 1997; Emberson, 1998). While these sites often present retailers with a captive audience, some developments have created a more specific proposition. For example, Aberystwyth station has sought to build a unique identity by focusing on antiques and antiquarian books to complement the museum already on the site (Packer, 1997). In other cases the retailers have sought to use the environments for their own strategic advantage; for example, a London-based specialist cheese retailer notes:

"*Many of our customers pick up the train from one of the East Coast line stations, buy some cheese and then get back on the train*"

(Packer, 1997; p.18).

In the case of airports, the amount of money which the British Airports Authority (BAA) could generate from landing fees, traditionally its core business, was capped following privatisation. Retailing therefore presented a way for the company to diversify and continue its growth. In the cases of both stations and airports retailing has been found to be well suited to the locations; while malls have been designed to encourage customers to increase their dwell time, stations and airports are naturally locations where people are often required to 'hang around' with nothing to do but shop. Around forty-five percent of BAA's total net revenue, amounting to over one billion pounds, now comes from its retail activities (Retail Week, 1997b; BAA, 1997).

The contemporary retail landscape has been further modified by the adaptation and modification of other pre-existing retail forms as strategic responses to the changing trading environment. Factory outlet centres have emerged in out-of-town locations and feature small format units operated by retailers, retailer-producers and producers often selling branded and fashion goods at discount prices. Outlet centres are therefore used as a way for a branded producer to build its brand by getting more of its products on to the streets and thereby raising its profile.

The profile of non-store retailing has also been raised in recent years as fashion retailers, such as Next and Land's End, have moved catalogue retailing upmarket from its traditional credit-driven low-income positioning. The likes of Next Directory and Racing Green now compete for the same business as shop-based formats such as Gap and Principles, and have opened catalogue shopping up to a new group of customers. Virgin Vie has also responded to this trend by halting shop-based expansion and focusing on home-selling, based on the party format popularised by the likes of Avon Cosmetics and Tupperware in the 1970s. Unlike its predecessors, Virgin Vie is following the catalogue retailers in an attempt to move the format upmarket (Morrell, 1999).

Simultaneously, electronic media, including the World Wide Web, have started to demonstrate retail possibilities through the success of companies such as internet bookshop Amazon.com. (Taylor, 1999). Like catalogue-shopping and home-selling, internet retailing also has a more upmarket appeal because of the cost of the technology involved; Web retailing is therefore not yet widely available to the traditional mail-order customer base. While few retailers as yet sell from the Web, many have websites, demonstrating its importance as a promotional tool and shop window as well as pointing to the way retailing may develop.

1.4 Consumption Experiences

1.4.1 Constructing Consumption Experiences

Since the 1980s retailers have become increasingly aware of the need to position their formats carefully in relation to specific target markets and to develop new ways of keeping consumers interested. The fragmentation and diversification of the retail landscape has been one physical manifestation of retailers' attempts to exploit niche markets and develop retail formats designed to appeal specifically to certain types of customer. The same trend is apparent in the active blurring of the retail/leisure boundary by mall developers (Goss, 1993). Simultaneously, technological advances have enabled retailers to develop more sophisticated techniques for identifying and locating certain target groups (Ody, 1996; Batty, 1997); for example, Electronic Point of Sale (EPoS) systems in combination with loyalty cards are providing grocers with valuable marketplace data which is used to tailor product selection and store design to consumption patterns.

Retail businesses, like mall developers, have particularly sought to attract more customer visits and higher sales through the creation of specific consumption experiences. While Goss (1993) notes that retail developers try to suggest that something other than mere shopping is going on in mall, the same analogy can increasingly be drawn with contemporary retail strategy. Retailers are finding ways of 'adding value' and by making the act of shopping something more significant than the simple acquisition of necessities. The strategic aim for the retailer is therefore to clearly differentiate the format, and to create a competitive positioning which can not easily eroded.

"Retailers with a future compete on value, not solely on price. Price is price, but value is the total experience"

(Dr. Berry, A and M University, quoted in Ody, 1996; p.3)

1.4.2 Creating a Consumer's Destination

While the best locations are traditionally considered to be those where footfall is highest near town centres, retailers are increasingly seeking off-pitch locations where passing trade may be lower but rents are cheaper. In order to achieve success in such locations, retailers are seeking to develop formats which attract specific customers, rather than hoping to catch trade generated by anchor department stores. In the past distance from stores such as Marks & Spencer was used as an informal guide to the quality of a particular site. Central to the ability to trade off-pitch is the creation of a strong identity or retail brand, which may be based on the retailer's own name and image or that of either the own-branded or producer-branded goods sold by the firm.

Those retailers who are able to successfully develop their stores as destinations do so by associating a specific set of ideas with their stores and company name. Thus, in visiting or making a purchase, Body Shop customers are also associating themselves with the firm's ethical stance and environmental conscience. Company slogans and logos on carrier bags also become important marketing tools and provide a way for consumers to show who they are through where they shop. Similarly, US style coffee houses have used branding to both draw people in and to develop loyalty; customers are able to buy take-away drinks, which they can be served in branded insulated mugs and worn like style badges as the customer walks around the city (Daneshkhu and Lafferty, 1997). By associating with a particular brand the customer is linking his or her own personality with the image of the chain. Starbucks' success in developing a brand based on quality and service has therefore been central to the company's commercial success (Smith, 1996).

The development of a retail brand may also be promoted through flagship stores, which often showcase a retailer's latest range in spectacular surroundings. The stores may also act as a test-bed for new store designs and features, which are regularly changed to keep the look fresh, attractive and at the cutting edge (Lowe and Wrigley, 1996). Elements of the layout will also eventually filter down to all the company's stores, often in a diluted form. However, the principle role of the flagship store is as a promotional feature for the whole company; it is a brand building tool integral to the overall marketing strategy which is intended to raise the company's profile across all its stores.

Flagship stores are also notable because they often represent the most developed use of shopping as spectacle. The aim of the stores is to dazzle and entertain and create a buzz about the company; as such, flagship stores are often located in large tourist centres, where they will attract most attention. Fashion designer Donna Karan's London flagship store therefore includes features, such as a coffee and juice bar, which develop the idea of the store as entertainment:

"the store is an experience that's not just about clothes. It's a nurturing, nourishing environment ... Increasingly, the concept of shopping as spectacle is seen as a powerful marketing aid. At the Nike Town athletic footwear store in Chicago, displays of sports memorabilia spread the message that famous athletes use Nike. At Borders and Barnes and Noble book chains store cafes promote an aura of intellectualism ... Entertainment retail is a big deal in tourist centres ... where millions of people may pass through the central shopping district ... People may go into the store just once while they're on vacation, but the experience stays with them."

(Griffith, 1997; p.17).

1.4.3 Store Design

The success of flagship stores is closely associated with the store design, which includes the shop's physical layout as well as ambient factors such as light, sound and colour. However, the ability to use store features and atmosphere to build a particular retail experience and brand is of increasing relevance across retailers' entire store portfolios. For example, North American retailer The Bombay Company, which sells flat packed replica Eighteenth and Nineteenth Century English furniture, has decorated its Toronto store to resemble part of Hampton Court Palace (Finnegan, 1993). By embedding English imagery and historical reference points in the store's appearance the company seeks to produce a memorable and interesting retail experience as a means of building its retail brand.

Although using store design as a stage set may be considered a passive strategy, some retailers also use the space to integrate slogans, advertising and strong branding messages into the fabric of the store. Even traditional in-store price-based advertising of features such as interest free credit serves to position the retailer in the consumers' mind. In the case of The Body Shop, the company has used a similar strategy but has promoted causes, rather than any particular product related message. The images serve to promote the issue featured and to define the company's positioning clearly in the consumer's mind.

Using store design to create a particular retail experience need not only involve the look of the store, but may also seek to influence consumer activity; for example, JJB Sports have put basketball courts in their superstores. Features of this nature actively blur both the retail/leisure boundary and create a unique atmosphere through consumer participation while also serving to increase customer dwell time, which is a central objective of retail designers. Another way of creating a particular retail experience is based on providing product knowledge. This can also be achieved through the inclusion of certain types of in-store feature, with store design becoming an integral part of the provision of a retailer's proposition. For example, listening posts in Virgin Megastores, tasting stands in Safeway and outdoor advice leaflets in Cotswold Leisure all demonstrate a focus on the product, while holding the customer's attention.

1.4.4 Customer Service and Store Staff

Store appearance, and the features included within the store space, are central to the building of a particular retail experience in terms of both creating an enjoyable and memorable shopping excursion and the delivery of aspects of customer service. However, if store design can turn retail outlets into sets in which products are displayed, then store staff are being turned into actors. Shop assistants increasingly are being given specific roles to play, which are in turn central to the creation of a company identity (Crang, 1994). The roles which store staff are asked to perform contribute to both the store atmosphere and the provision of customer service (Lowe and Crewe, 1996).

As is the case with store design, retailers have realised the value of involving store staff in the blurring of retail into leisure. Some retailers have sought to differentiate themselves by creating a fun, vibrant environment. Central to the generation of such an atmosphere is the attitude of the staff, which may ultimately be the thing that keeps customers coming back.

> "*... at the Disney store, a saleswoman waves a stuffed Bambi at a Brazilian tourist. "Hi! Welcome to Disney" she calls out in a sing-song voice. Sales representatives are increasingly considered part of the spectacle*"
>
> (Griffith, 1997; p.17).

Amy's Ice Creams, a Texas based chain of ice-cream parlours, employs staff who juggle, dance and toss scoops of ice-cream to each other, while also offering free samples and giving prizes to customers who will join in in some way (Case, 1996). However, retailers must tailor the 'performances' of their staff to their particular market positioning. Therefore the boisterous, lively approach at Amy's needs to be different from Disney's young, family environment.

Tailoring the atmosphere created by the actions of store staff to a specific market positioning often requires staff to provide particular aspects of customer service. For example, some high-fashion retailers have started to try to differentiate themselves from the competition by offering a completely personalised service; a customer may have one or more members of staff assigned the specific task of helping that person choose, and purchase, the perfect outfit (Rawlinson, 1995). By contrast supermarkets have increasingly involved staff in the provision of customer service by allocating assistants to pack bags at busy times. The staff in these examples, like those involved in more performance-based roles, become central to what the company is offering and how customers perceive it.

Contemporary retailing has become increasingly reliant on factors such as customer service as a competitive stance at the expense of traditional price-based strategies (Pine and Gilmore, 1999); however, customer service initiatives do extend beyond the role of staff and store design. Customer service encompasses a complete set of trading strategies by which retailers tailor their concepts to the marketplace. For example, some firms are altering their opening hours to reflect changing work patterns more closely by opening later to cater for rising numbers of working women. Similarly, some supermarkets have started opening twenty-four hours a day, and have found different types of people shopping at different times (Retail Week, 1997b). Such initiatives both have the potential to alter peoples' experiences of shopping as well as being important elements driving the evolution of the retail environment.

1.5 **Conclusion** The Agents of Change

Over the past twenty years, people have been spending increasing amounts of time in consumption landscapes (Bromley and Thomas, 1993); where shopping was previously a relatively straightforward occupation associated with the purchase of necessities, it now encompasses a wide range of leisure-time activities. The mall has become a place where teenagers 'hang-out' and meet friends (Lowe & Wrigley, 1996), while families populate the out-of-town grocers and DIY sheds (Bromley & Thomas, 1993; Brown, 1989), and even travellers are able to shop as they wait to catch a train or flight. Although the cultural changes associated with the emergence of a consumption-based culture are clearly visible in the changing names, places and experiences of retailing, there is not a clear-cut relationship between retailers and consumers. Instead a complex reciprocal relationship has emerged in which individual retail businesses both promote and respond to consumption-based cultural change. While individual retailers are able to make a profound impact on the retail environment, their success is a reflection of the company's ability to negotiate a network of relationships between consumers, producers, developers and the regulatory state.

In the 1990s, a new generation of fast-growing retailers are making their mark on the retail landscape by adopting innovative design, marketing and positioning strategies, which are built on a clear understanding of particular marketplaces. Contemporary fast-growth retail businesses, which are emerging in the wake of the pioneering retailers of the 1980s are serving to integrate a variety of innovative consumption possibilities into the mainstream of UK retailing; in-so-doing, these companies are having a direct and fundamental impact on the nature of the retail environment as Tie Rack and Sock Shop did through the promotion of railway station retailing (Tie Rack, 1996; Burns and Kippenberger, 1988), and Dodge City (later part of B and Q), did by helping to move out-of-town retailing beyond the realm of grocery hypermarkets.

A fast-growth retailer's innovative ideas can become embedded within the retail environment through a variety of possible routes: retailers are able to create retail experiences which are in themselves revolutionary; alternatively, ideas generated by fast-growth retailers may be adopted by more established companies. For example, the lasting significance of The Body Shop is, in part, a function of the influence of the company's trading style on competitors such as Boots. Similarly, the company's stance on ethical business practices and Fair Trade has also served to inspire other retailers, such as Pret A Manger (Burlingham, 1990). The Body Shop has also created a market niche for specialist cosmetics retailers, which has attracted new businesses such as Virgin Vie and Bath and Body Works.

Fast-growing retailers may also be attractive acquisition targets for more established companies; where acquisitions are made the result is to entrench the fast growth retailers' ideas more firmly within the wider retail environment. The desire to acquire an innovative retailer may be driven by the need to remove competition or as an easy way of entering a new market, as well as a way of introducing a dynamic element into a stagnating company. Thus the acquisition of Costa Coffee by Whitbread, Aroma by McDonalds (Unquote, 1999) and Racing Green by Arcadia have demonstrated the importance of the fast growing retail companies and their ideas to the ongoing success of established firms. US games retailer Electronics Boutique has also recently used the same strategy to expand geographically, via the purchase of UK-based Rhino Group (Retail Week, 1996c).

Although academics across a variety of disciplines have considered retail-based topics, little attention has been paid to the role of smaller independent firms in changing the nature of retailing and consumption. Geography in particular has seen a resurgence of interest in the retail and consumption based themes, which has arguably placed retail geography *"at the very heart of contemporary debate within critical human geography."* (Lowe and Wrigley, 1996; p.29), but has failed to explore fully the links between individual retailer's strategies and the nature of consumption environments.

An economic perspective of retail geography has emerged from the debates surrounding Fordism and flexibility and has focused on retail restructuring; the role of retail capital and associated phenomena, including the spatial switching of retail capital and changing retailer-supplier relations, have therefore been of particular interest to economic retail studies. The role of larger retail firms, notably the grocery supermarket chains (see for example Wrigley, 1992; Marsden and Wrigley, 1995; Bowlby *et al*, 1992), has also dominated as geographers have sought to understand the increasing influence of these firms in the supply chain. Studies have therefore developed an understanding of retail economics, but failed to appreciate the relationship to cultural practices.

By contrast, cultural perspectives have looked at four key areas; consumption sites, chains, spaces or places, and experiences of consumption (Jackson and Thrift, 1995; Lowe and Wrigley, 1996). Issues such as the nature of consumption landscapes, the cultural implications of shopping and identity construction have therefore dominated these discussions. Whereas economic studies have not appreciated cultural influences, the opposite has tended to be true of culturally informed studies. The most recent work has sought to link economic and cultural perspectives (see for example Wrigley and Lowe (1996) or Jackson (1995a)), investigating themes including: staff strategies and the creation of consumption experiences. However, there remains little work concerned with the types of businesses discussed in this chapter, or their place within the business and retail environments. Similarly, Batty (1997) notes:

"most retail research is conducted in a locational straight jacket imposed by the context and thus is unable to combine the globalisation of retailing and the rise of electronic shopping with traditional place based shopping"

(Batty, 1997; p.2)

There is, therefore, a need for an approach to the study of retailing which can understand the retail revolutions of the past two decades in the context of the relationships between retail strategy and the other actors on the retail scene. This thesis attempts to address the imbalance by adopting a focus on the medium-sized growing retailers as key agents of change within the retail environment. The strategies adopted by these retailers are considered in relation to their effects on experiences of shopping, and the context in which these innovations and evolutions are adopted and exploited.

The academic issues and approaches briefly outlined in this chapter are reviewed in greater depth in Chapter 2. Retail research from a geographical perspective is explored alongside relevant aspects of research from other disciplines, notably business, management and entrepreneurial studies. Chapter 3 details the methodological process, and further explores the advantages of adopting a case study based approach, in the generation of the information presented in the thesis.

Chapters 4 to 7 are concerned with empirical work based on a selection of retail case studies. Chapter 4 presents both an overview of these businesses as well as a discussion concerning their founding circumstances, concept development and the role of the founder or entrepreneur. Chapter 5 then follows the growth of these companies and considers the factors enabling that growth, such as understanding the marketplace and the possibilities presented by franchising. Chapter 6 is concerned with the geographical expansion of the businesses at a national and local scale, while Chapter 7 narrows the focus further to the use and features of the internal store space.

In the final chapter the key themes of the research are drawn together; emphasis is placed on the role the study companies have played in reshaping the retail environment and driving the retail revolutions of the 1990s. The relevance of the relationships between the individual companies and the other forces acting on the retail landscape are also identified and considered. As contemporary society becomes increasingly geared to consumption, through the need to acquire necessities as well as a way of defining ones self and spending valuable leisure time, the retail industry can be seen to hold a pivotal position. It is therefore important to develop an understanding of the dynamics of the relationship between the economic realities of the retail industry and the impact individual businesses are able to make on the consumption environment. This thesis aims to further the understanding of this topic by exploring a potentially vital, but as yet unexplored, component in the network of influences generating contemporary consumption culture.

2
GEOGRAPHIES OF RETAILING

2.1 Introduction

Academics across a broad range of disciplines have studied the retail environment. Human geography, sociology, planning, cultural studies as well as business, management and entrepreneurship studies have all provided different perspectives on the nature of retailing. Geographical approaches are of primary interest to this study; however, this field has itself generated research from a variety of different perspectives. Geographical retail studies can be divided into four distinct sets of approaches. These comprise: traditional retail studies, rooted in central place theory and marketing geography; a new economic retail geography, which has adopted a political-economic framework of analysis focusing on the corporate retail-form and the actions of retail capital; culturally-informed geographies of consumption; and most recently of all are studies building on both economic and consumption-driven literatures.

This chapter considers the development of geographical interest in the retail environment. It highlights the key themes of particular relevance to this study and identifies research opportunities presented by omissions from the literatures. Through this chapter a case is made for the further development of a corporate geography of retailing, which, as Chapter 1 emphasised, can reveal the role of fast-growth retail businesses (FGRs) in changing the nature of the retail environment.

2.2 Traditional Retail Geography

2.2.1 The Emergence of Retail Geography

Although traditional approaches to retail geography have been superseded by more recent studies, the older literature nevertheless includes research that is of relevance to this thesis. Moreover, the literature also provides an understanding of the context in which more recent research has emerged, together with insights into the operations of retail businesses which are omitted from more recent work.

Traditional retail geography can be considered under three headings: location, where central place theory forms the theoretical background; location strategies, which draw on marketing geography; and studies of consumer behaviour. The close links between early retail geography and marketing geography, which were simultaneously emerging in the 1930s, served to promote a focus on retail strategy and the decision-making process. However, by the 1960s and 1970s the positivist tradition, from which retail and marketing studies developed, was being questioned by behavioural studies. An associated shift within retail geography included a focus on consumer behaviour.

2.2.2 Retail Location and Structural Change Theory

Traditional retail geography, which is based on locational analysis, deals with the spatial expression of retailing in relation to two principal themes: central place theory and retail hierarchies. These themes underpin many early studies, which focus on retail locations, structures and structural change. While the links between the actions of individual retailers and broader shifts in the retail environment are not necessarily explored, traditional retail studies do consider issues which remain pertinent to the contemporary retail environment and also emphasise the role of individual retail businesses.

The themes explored by traditional studies, which include components of the location decision-making process and the role of consumer perception in understanding a specific marketplace, highlight the applied nature of traditional studies. In particular, emphasis is placed on research which could improve retailers' operations, rather than explain retail change. Strategic issues therefore tend to be addressed, thus provide a point of contrast for developing an understanding of how FGRs may be changing the contemporary retail environment.

Developed by Christaller and Lösch in the 1930s, central place theory forms the backbone of many traditional retail geography studies (Jones and Simmons, 1990). The model assumes an idealised flat landscape, populated by evenly-spaced rational consumers with equal incomes, and produces rigid geometric, tessellating, market areas (Berry and Parr, 1988); application of the model to retailing includes an awareness of competition, market size, retail floor area and access. Central place theory suggests that retail clusters develop as a reflection of consumer desire to perform several tasks on one trip (Berry, 1967); location is therefore seen as a trade-off between the consumer's desire to minimise journey distances and the minimum population levels required to support the retail of different product types. Once this notion is accepted, retail hierarchies emerge both between different sizes of urban centre and within individual centres (Jones, 1991). The principal debate within the literature concerns the patterns of spatial interdependencies associated with these hierarchies.

While early studies based on central place theory highlight the significance of consumer demand and movements as determinants of retail location, Vance (1970) presents an alternative supply-side driven analysis which places greater emphasis on the role of the retail firm. In Vance's (1970) model the relative advantages and constraints of a given location are combined with the market segmentation of a retail chain in determining the spatial expression of retailing. The cost of delivering goods, the nature of transport and warehouse networks and the location of headquarters buildings are highlighted as constraints. Therefore although sales potential may appear to allow geographical expansion, Vance (1970) suggests that logistical constraints may restrict where that expansion is possible. Retail location is therefore a function of conflicting forces, which contemporary retailers must also reconcile in order to achieve rapid geographical expansion.

The local level composition of the retail landscape is also considered by traditional studies. Patterns of retail subsectors are identified by Jones and Simmons (1990) as emerging in response to the relationship between average costs and demand. A series of 'bid rent' curves can be produced which produce a spatial pattern reflecting an individual retailer's ability to pay rent at different levels of demand and competition. However, the contemporary retail environment is complicated by multiple location types and features such as planning restrictions, which has made rent a highly relevant issue especially for retailers seeking rapid expansion (see Chapter 6).

The relevance of traditional retail studies extends beyond consideration of factors influencing the composition of retail centres to include an emphasis on structural change in terms of the spatial distribution and form of retail environments and also the development paths of individual retail businesses. Simmons' (1966) conceptual model focuses on consumer mobility and preferences as the key to landscape evolution; changes in urban demographics, income, and technological development are seen as driving the process. By contrast, emphasis is placed on supply-side factors by Shaw (1978) and Sibley (1976), who identify the aggregate behaviour of retail businesses as being central to explaining structural change.

Laulajainen (1987) highlights the interplay between developers, retailers and planners, while Jones (1991) notes that retailers have also responded to consumer reaction against sterile suburban malls. Important questions are therefore raised concerning which companies are influencing change, and how they are doing so.

The structural evolution of retail businesses over time is also made a focus of some traditional studies; this is of particular interest in relation to the impact on the retail environment and consumption experiences of change necessitated by growth. Brown (1987) identifies four models of structural change including: environmental theory, cyclical theory, spiral theory, and conflict theory.

Environmental theory builds on work by authors such as Dreesman (1968) and appropriates Darwinian analogies to explain retail change. Markin and Duncan (1981) develop the idea, emphasising parasitic relationships and mutual dependencies between some retailers. Cyclical theory, which includes the concept of the 'wheel of retailing', observes how, in achieving success, retailers often trade up (McNair, 1958); companies entering the market as cut-price retailers will gradually make improvements and adopt a value positioning based on quality and service rather than price. Spiral theory further develops this idea by suggesting that in trading-up a retailer creates market opportunities for others in its wake (Agergaard *et al*, 1970). Conflict theory posits that protest greets innovation and is endemic to retail. It is suggested that retailers evolve by developing a 'retail thesis', produced by the challenging of an existing thesis to create a synthesis; the synthesis becomes the thesis for further challenges (Grist, 1988).

Structural change theories argue that as retailers develop there are implications for the offer presented to customers as well as the broader trading environment. For example, conflict theory suggests that retailers develop in response to the actions of the other retail actors. Although structural change theories fail to understand strategic impacts in terms of their origins, they do raise important questions concerning the manner in which retailers grow and the impact their growth has on other businesses.

2.2.3 Retail Strategies

The applied nature of retail geography studies, which grew from the links with marketing geography, led to the emergence of models and theories designed to improve industry performance and to forecast, or cope with, industry change (Berry, 1967). Retail strategy therefore became an important focus of geographical interest, considering three principal themes: first, marketing decisions; second, the site selection process; and third, trade area analysis and choosing a location strategy (Jones and Simmons, 1990). Traditional studies which explore aspects of retail strategy provide insights into the operations of the individual retailer. The issues raised remain pertinent in the contemporary trading environment. Retailers must still develop location strategies and marketing programmes, which in turn define a given retailer's impact on the broader retail environment.

Studies concerned with retailers' marketing decisions seek to provide a basis on which to evaluate locations and the impact of the location decision on the survival of the company. Lord's (1975) analysis of supermarket strategies, identifies a range of determinants which influence location decisions including: population, market growth, income, accessibility, transport facilities, and competition. The origins of a store's customers are also considered, developing theories of retail gravitation and urban catchment areas developed by earlier studies (Reilly, 1929; Huff, 1963).

Jones and Simmons (1990) explore the role of trade area analysis in developing a broader location strategy, and identify three principal aspects to the process. First, spatial monopolies, which includes the comparison of actual and theoretical trade areas and the identification of 'gaps on the map'. Second, market penetration, where the emphasis is on single-store firms wanting to expand outlet numbers or the population served by their trade area. Third, dispersed markets, where customer information, including age, income, ethnicity and lifestyle, is combined with retailers' experience as the basis for observing the changing nature of markets. Jones and Simmons (1990) also go on to consider the manner in which retailers select which location selection strategy is most appropriate to their firm.

The third group of retail strategy studies concerns the site-selection decision-making process, which includes a range of methods from rules-of-thumb to complex computer-generated models. Although Jones and Simmons (1990) outline a variety of potential site selection methods, they suggest that most retailers do not in reality undertake formal site selection procedures. Rather the process becomes integrated within broader location strategy, including network expansion, store relocation and lease renewal programmes. Retail strategy studies serve to focus attention on the role of the individual company and the factors influencing local location decision making. However, these studies fail to take a broader perspective which explains the impacts of strategy decisions in terms of the changing nature of the retail environment.

2.2.4 Studies of Consumer Behaviour

Changes within academic geography during the 1960s and 1970s led to new perspectives being developed within retail studies. In particular, the rise of behavioural studies re-generated interest in consumer behaviour and the role of customer perceptions (Gregory, 1992). While studies of consumer behaviour can be seen as a critique of previous research, which characterised the consumer as rational "economic man" (Potter, 1982), behavioural studies also served to add a new element to the understanding of the workings of the retail environment. By highlighting the experiences of the customer, a more sophisticated understanding of the subjective nature of consumers' actions has been established, which also has important implications for the trading patterns of retail businesses.

Behavioural studies, which incorporate insights from a variety of academic disciplines including psychology, sociology, and anthropology (Dawson and Kirby, 1980; Shepherd and Thomas, 1980), explore what dictates consumer behaviour. As the contemporary retail environment apparently becomes increasingly geared to consumers' experience, behavioural approaches potentially provide valid insights into the process of change within the retail environment. This approach is of particular interest in terms of retailers' attempts to influence consumer behaviour. For example, Potter (1982) characterises consumer behaviour as the sum total of factors including travel patterns, information, preferences and shopping decisions, and notes that these are not necessarily logical or predictable; the complex web of influences is both affected by retailers' strategies, while simultaneously potentially impacting on it.

Lloyd and Jennings (1978) suggest that consumers' perceptions, or mental maps, of retail environments define their subsequent behaviour in those landscapes and have implications for retailers' strategies. The information on which mental maps are based, and the ways in which this information can be influenced by retailers, has thus also been a focus of academic interest (Jones and Simmons, 1990). This includes the role of advertisements and promotion, topics which are of particular contemporary relevance for retailers seeking to understand their marketplaces in the search for growth. A connection can also made between the dissemination of market information by retailers and the creation of new demands, highlighting another part of the complex networks of relationships through which the retail landscape is forged. For example, Feick and Price (1987) highlight the role of word-of-mouth in generating demand. By contrast Leiss (1976) suggests that the omnipresence of advertising has created a situation where:

"... information about new products and prices is as important to newspaper readers as the news itself, and in which new demands are continually created."

(Jones and Simmons, 1990; p.134)

Advertising is therefore increasingly attempting to sell a way of life as well as a product, while television programmes also play their part showing consumers how to live and what to buy (Jones and Simmons, 1990). This echoes the apparent goal of contemporary retailers pursuing lifestyle strategies to extend their influence beyond the store into customers' lives. If retailers are pursuing such strategies, the question of why such strategies are being adopted and in what ways the retail landscape is changing as a result is therefore raised.

The studies reviewed in this section introduce key topics which need to be re-evaluated within the context of more recent studies. Traditional studies, which tend to focus on strategic decision making in the individual form, tend not to place this topic within the context of the changing retail environment. However, many of the topics raised in traditional studies are explored from different perspectives in more recent studies. More recent studies also serve to highlight the omissions in traditional retail studies. The new economic retail geography and geographies of consumption, both of which have emerged more recently and reflect shifts within retailing as well as the discipline of academic geography, are considered further in sections 2.3 and 2.4 respectively.

2.3 New Economic Retail Geography

2.3.1 The Retheorisation of Retail Studies

The political-economic retheorisation of geographical retail studies which has occurred during the past decade has radically altered the study of retailing. Ducatel and Blomley's (1990) study, focusing on the role of retail capital, has been particularly important in the topic's resurgence. Ducatel and Blomley (1990) appropriate the Marxist concept of circuits of capital, in which they characterise retail capital as a discreet moment with its own form, function and logic. In understanding the role of retail capital, Ducatel and Blomley cite Mandel (1981) who emphasises the relationship between the production of value, the circulation of commodities, and the realisation of that value. Retail capital is envisaged as lying between productive capital and the final consumer; it is viewed as performing the primary function of the final exchange of commodities.

Retail capital is thus neither an unproblematic reflection of external forces, nor driven by its own internal logic, but positioned within the larger systems of production, distribution and consumption (Blomley, 1994). Ducatel and Blomley (1990) themselves highlight a number of problems in this analysis. First, capital on both sides of the productive-commercial divide is involved in networks of contracts and negotiations; thus, although the two are inter-dependent, there may be friction at the point of contact. Second, retailers and consumers come into contact for different reasons; the former to maximise their value, the latter to maximise the exchange value. However, Ducatel and Blomley (1990) argue that this is a reflection of Marx's characterisation of the dialectical relationship between production and consumption.

By contrast, Fine and Leopold (1993) suggest that retail capital does not emerge as an abstract category, and that it should instead be treated as a heterogeneous element falling within vertically interconnected systems of commodity provision. Nonetheless Ducatel and Blomley's (1990) paper does serve to highlight the role of retail capital, as articulated by retail businesses, and to suggest that its actions are subject to forces from the spheres of both production and consumption. Lowe and Wrigley (1996) echo Ducatel and Blomley's call for a theoretically informed analysis which links the abstract and the concrete through an understanding of retail restructuring. Clarke (1995) further notes that a focus on the restructuring of retail capital can provide a more sophisticated understanding of the reciprocal nature of the relationship between corporate retail activity and its expression through strategy and space.

The call for retail studies to consider issues of restructuring reflects broader changes within economic geography, where the emergence of an uneven geography of employment, living conditions and wealth led to the resurgence of a political-economic perspective (Lee, 1992). A central concern underlying this new economic geography was the shift from Fordism to post-Fordism and the forces driving this shift. While studies of the demise of Fordism are primarily rooted in the manufacturing sector, there are links to service industries and consumption issues. By establishing that Fordist mass production implies mass consumption, and thus mass markets, Harvey (1990) links the debates surrounding the shift to post-Fordism with consumption and retail change. Similarly, Fordism is seen by Harvey (1990) not only as a form of production or business practice but as part of the aesthetic and lifestyle of modernity. The shift to post-Fordism therefore implies the rise of a new mode of living, thinking and ‘feeling life’, which consequently has ramifications for the nature of 'consumption'.

There is ongoing debate as to whether the break-down of Fordism is related to inherent problems on the production side, or demand side changes associated with the break-up of mass markets (Sayer and Walker, 1992). Studies taking a demand-led approach, suggest production changes are a response to evolving consumption patterns (Wells and Cooke, 1991; Schoenberger, 1991; Lorenz, 1991). Emphasis is placed on market growth stagnation, intensified competition and the break-up of mass markets. Associated with these processes are the emergence of niche markets and the existence of distinct geographical markets responding to the local culture and regulatory system. Therefore, there are implications for retailers in terms of both the nature of markets in which success can be achieved and the segmentation and differentiation strategies that are employed. A second group of studies suggests that market fragmentation is an effect, not a cause, of changing production methods (Walker, 1992). A third group identifies forces of production or accumulation as being integrated within a broader set of political and social conditions (Moulaert and Swyngedouw, 1989; Dunford, 1990).

The context in which retail change is considered is thus one of evolving consumption patterns and shifts from homogenous markets to niche sectors. Retailers have also evolved in response to producer strategies and new trading circumstances. In particular, post-Fordist companies place an emphasis on flexibility as a way of responding to the increasingly fragmented markets. Although the focus of flexibility studies tends to be on manufacturers, the issues raised are also of relevance to post-Fordist service companies.

Although studies of Fordism and flexibility tend to focus on manufacturing industries, attempts have been made to integrate consumption issues within the debates. For example, Gibbs (1992) associates the Fordist period with homogenisation of mass produced products and the extension of consumption norms into the working classes (Blackburn *et al*, 1985; Gibbs, 1992). The break-up of Fordist mass markets and the emergence of niche markets with new patterns of consumption is explained by Gibbs (1992) as a mutually reinforcing relationship. The crisis of Fordism is thus seen as a reaction to structural over-capacity and market saturation, provoking a need to identify and target more specific niche markets. However, Pollert (1988) questions the break-up of Fordist mass markets, suggesting that niche marketing is simply a reflection of product diversification in mass markets, and a marketing strategy aimed to deal with over accumulation.

Production side changes, such as the introduction of flexible machinery, Gibbs (1992) suggests, are of significance in presenting manufacturers with new production possibilities. However, demand side influences remain central to this analysis, as changing income distribution and demographic structures have prompted marketing shifts; for example, in the 1980s there was a declining youth focus in favour of the 'baby boom' generation and a relegitimisation of luxury consumption (Gibbs, 1992), which presented a range of new trading possibilities.

Gibbs's (1992) paper envisages economic and social shifts from Fordism to post-Fordism, and modernism to post-modernism, as part of an inter-related system of culture, production and consumption. Parallels can thus be drawn with Ducatel and Blomley's (1990) study which also situates retail capital at the point of contact between spheres of production and consumption. Retailers are optimally placed to articulate these relationships, and the study of retail strategy therefore links the evolution of consumption culture with the emergence of niche markets and a post-modern aesthetic (Bowlby *et al*, 1992).

2.3.2 The Restructuring of Retail Capital

The retheorisation of retail capital has prompted the emergence of a new economic retail geography which focuses on retail restructuring, the interface between retail and finance capital, the social relations of production, and the spatial switching of retail capital (Lowe and Wrigley, 1996). Studies concerning retail restructuring are of particular relevance to this thesis because of the emphasis they place on the individual firms' articulation of retail capital. However, such studies tend to focus on large corporate retail capital, predominantly in the form of the supermarket chains. Although the retailer is identified as being a key agent of change, there is a need to consider how retailers, other than the grocers, modify the retail environment.

Bowlby *et al* (1992) identify five changes in the structure of UK retailing. First, a series of mergers, acquisitions and strategic alliances has led to the concentration of retail capital, enabling retailers to achieve economies of scale, grow and increase their influence within the retail system. Grocery supermarkets, in particular, have been identified as an important example of this process (Wrigley, 1993). Second, there has been a diversification of product ranges and an increase in niche marketing as the basis of competitive strategy; EPoS systems have provided market information to enable precise niche-targeting (Freathy and Sparks, 1996). Third, outlet numbers have been rationalised and there has been polarisation of store sizes and locations, a process visible through the growth of out-of-town retailers which attract custom from large catchment areas. Fourth, value-added, lifestyle and service have become important points of competition at the expense of a traditional price-based stance. Finally, many retailers have sought to become important property investors, particularly in out-of-town locations (Wrigley, 1987).

One of the principal ways in which retail businesses have restructured themselves in recent years has been in terms of locational requirements. Wrigley (1993), focusing on supermarkets, identifies three scales of spatial switching. First, at the intra-urban scale, retailing has shifted from central locations to out-of-town sites. This involved the building, in the late 1980s and 1990s, of purpose built out-of-town 'cathedrals of consumption'. Second, at the inter-regional scale once regional chains have grown to gain national representation. Third, some UK retailers have expanded at the international scale into American (e.g. J. Sainsbury) and European markets (e.g. Tesco) (Wrigley, 1993).

Guy (1998a) moves the discussion of retail property beyond the strategic manoeuvring of the large corporate grocers in the UK by considering retail shed developments. On account of decreasing grocery property values (Wrigley, 1996), non-food superstores have become the focus of retail property investment interest.

Rises in rent values have therefore resulted from the expansion programmes of a number of innovative retailers in retail parks, coupled with changes in land use planning regulations. Guy (1998a) thus identifies non-grocery retailers in a key retail-landscape changing role, which requires further investigation.

The physical nature of retail parks has changed in terms of the types of retailers represented in these locations. This, in turn, is associated with their ability to meet particular rent levels. Rents have not risen uniformly across retail landscapes and a hierarchy of retail park property has emerged. Those sites with open A1 consent, allowing easy changes in sector use, are the most desirable and expensive, followed by new purpose built units, and finally first and second generation units or stand-alone sheds (Guy, 1998a). The variety of shed occupants has also changed as companies able to pay higher rents move in and broaden the number of sectors represented. The rising rents in retail parks have both made the redevelopment of first-generation parks economically viable and, more generally, encouraged retailers to reduce their space requirements (Guy, 1998a).

Guy (1998a) notes that retail parks have become increasingly significant objects of sale and acquisition for financial institutions since the early 1990s. A revaluation of the role of retail landlords is therefore required. Changes in both the management of developments and lease strategies could present landlords and retailers with a new set of trading circumstances which will produce important changes in the retail environment. For example, Bristol's regional shopping centre at Cribbs Causeway includes features such as an on-site manager, short-term leases and turnover-based rent which mark an important departure from standard arrangements (Freedman, 1998). This raises important questions of academic interest concerning what challenges this presents retailers and the retail environment, and how retailers can respond. These themes are explored further in Chapter 6.

2.3.4 Retail Relationships

The Regulatory Environment

The regulatory environment in which retailers operate is a significant influence on both the actions of retailers and the nature of retail environments. Lowe and Wrigley (1996) highlight three foci of retail regulation research: first, regulation influencing the formation of corporate strategies in relation to geographical retail market areas at the national scale; second, debates concerning the nature of public and private interest regulation; and third, attempts to locate the nature of the retailer-regulatory state relationship within state theory.

Of particular interest to large-scale location strategy is the role of land-use planning, especially the attempts of PPG6 and PPG13 to curb out-of-town retail development. As has already been stated, planning restrictions have influenced the emergence of a retail park hierarchy (Guy, 1998a). However, Wrigley (1998) notes that these restrictions have not had entirely negative impacts for grocers. Rather PPG6 and PPG13 have served to halt grocers' over-commitment to out-of-town space at a time of decreasing property values. This has, in turn, encouraged supermarkets to seek new ways of gaining market share. The grocers' innovations include features which have changed both retail landscapes and consumption experiences, including new store types, such as smaller format city centre shops, as well as expanded product ranges, such as music, videos and clothing, and the targeting of traditionally weak or protected areas of retailing, such as book sales (Wrigley, 1993; 1998).

Wrigley's (1992; 1995) two-part comparative analysis of grocery retailing in Britain and the USA further illustrates how different regimes of regulation can lead to differences in retailer strategy. Wrigley notes that although, during the 1980s, retailers in both countries traded under similar rules governing investment and competition, by the 1990s grocers in these countries had adopted very different strategies:

"... although market rules clearly constitute environments for capital accumulation, corporate strategies and territorial outcomes cannot simply be 'read off' from market rules. Contextual analysis sensitive to the history and geography of regulation is clearly vital to attempts to insert national regulatory forces into studies of retail restructuring."

(Lowe and Wrigley, 1996; p.14)

Wrigley (1992; 1995) observes differences in corporate concentration, power relations, profitability, productivity and geographical structures between US and UK grocery retailers. These, he suggests, emerged as a response to a regulatory regime in the USA which was hostile to the actions of big corporate retail capital. In comparison the benign regulatory environment in the UK resulted in the large grocers increasingly regulating themselves and gaining oligopsonistic buying power.

In response to the grocers' growing power, the second theme identified by Lowe and Wrigley (1996) questions in whose interest regulation is taking place. Christopherson (1993) also emphasises a distinction between public- and private-interest regulation, and asks who regulates the markets and at what scale. Christopherson (1993), followed by Marsden and Wrigley (1995), argues that the state's benign stance has delegated key responsibilities to the grocers, producing a confused relationship between retailers and the regulatory state. Retailers have to justify their market power and regulatory responsibilities while reproducing the mechanisms and ideologies which sustain their competitive space. Conversely, the regulatory state must exert control over these private regulators while balancing sustaining corporate retail power accumulation with the diverging public interest (Marsden and Wrigley, 1995).

Lowe and Wrigley's (1996) third strand of research concerns a broader theorisation of the contemporary regulatory state and its relationship with retailing. Marsden and Wrigley (1996), prompted by Clark (1992), emphasise a focus on institutions and suggest that while the retail sector is constantly testing the boundaries of regulation, the regulatory state has itself become dependent upon the power of the retailers. A certain degree of adaptability and creativity is therefore implied in this characterisation of the state (Lowe and Wrigley, 1996). Questions concerning the successful operations of non-grocery retailers must, in the light of the grocer-centric literature, also be raised. First, how does the power of the grocers impact upon the actions of other retailers?; second, how can non-grocers respond to the grocers' power to achieve success?; and third, are non-grocers able to wield the same kind of power and influence over regulation of the retail environment in other ways?; these themes are addressed in Chapters 6 and 7.

Retailer - supplier relations

Marsden and Wrigley (1995) suggest that the emergence of the large corporate grocers has changed three sets of relationships, in addition to that with the state. First, in the case of food retailer-food manufacturer relationships, power has shifted towards retailers since the 1960s. A key factor in this change has been new legislation, notably 1964's Resale Prices Act, which has enabled retailers to build market share by passing volume discounts from manufacturers onto consumers by lowering operating costs through larger-scale outlets and faster stock turn-over. Supermarkets have further exerted pressure on manufacturers through own-label trading, promoted through preferential manipulation of store space and the introduction of just-in-time delivery systems (Marsden and Wrigley, 1995; Hughes, 1996). Second, relationships between the grocers and farmers have changed, as retailers have put pressure on the farmers in terms of reliability of product supply, quality, variety and price. Third, retailers have increasingly assumed a regulatory role as farmers' relationships with the regulatory state have weakened as a result of the Thatcherite perception of agriculture as being primarily a recipient of public funds and regulatory support.

Bowlby *et al* (1992) attribute many of the strategies changing the nature of retailer-supplier relationships to the shift from Fordist mass production to post-Fordist flexibility. They propose three-fold retailer typology which links the dominant trends in retailer-supplier relationships with the restructuring thesis and position retailers within the move to post-Fordism. This includes 'Fordist retailers' which dominated in the 1960s and 1970s, 'post-Fordist' retailers which emerged in the 1970s, and 'flexibly specialised retailers' which are responding to the developing consumption trends of the 1980s and 1990s (see Table 2.1) (Bowlby *et al*, 1992). However, this typology does not offer a complete picture. For example, Crewe and Davenport (1992) highlight a 'preferred supplier' model, which is particularly relevant for UK grocers dealing with Continental European suppliers. In this case UK grocers have forged relationships with particular co-operative marketing organisations on the Continent which place the burden of quality control on the co-operatives (Marsden and Wrigley, 1996).

Bowlby *et al*'s (1992) paper highlights five further trends occurring within UK retailing. First, there is an increasing demand for value added goods, where the need to maintain quality levels leads retailers to monitor the suppliers with which they work closely. Second, retailers have tended to centralise buying and merchandising operations at the head office location. Third, the consolidation of purchasing has been accompanied by the centralisation of distribution systems. Fourth, product ranges have become increasingly standardised. Fifth, there is evidence of consolidation of service networks within the South East, including marketing, design and market research functions which, Bowlby *et al* (1992) suggest, is linked to the high concentration of retail headquarters in the South East. However, little evidence has been found of a shift towards a flexibly specialised retailer model. Instead, Bowlby *et al* (1992) point to an increased flexibility in switching between pre-specified products and product varieties rather than customisation.

Table 2.1 A Typology of Retailer - Supplier Relationships

Fordist Retailers
• Mass distribution of high volumes of standardised products with low design and quality standards aimed at mass markets.
• Own brand products sold in order to compete on price rather than quality.
• Suppliers' margins squeezed through pressure to provide low price products.
• Little retailer intervention in the production process used by suppliers.
• 'Arms length' form of retailer - supplier relationship.

Post-Fordist Retailers
• Mass distribution of highly varied products with fairly high design and quality standards.
• Frequent innovations in products and ranges.
• Product range and product specifications geared to closely specified target markets.
• Store image and high quality 'own brand' goods are important competitive strategies.
• High levels of retailer intervention in the production process and product decisions of suppliers. Form of intervention moving from 'Marionette' model to 'Partnership' model.
• Subcontracting and just-in-time manufacturing systems typical of the production processes engendered or encouraged by this form of retailer - supplier relationship.

Flexibly Specialised Retailers
• Low / medium volume distribution and highly differentiated, unusual, customised or locally targeted goods of high design and quality standards.
• Customer service important.
• Sub-contracted design and innovation.
• Close relationship with suppliers.
• Unusually small firms linked to or sourced from local suppliers or design led firms who are also likely to be small firms.

Source Bowlby *et al*, 1992

Although the emphasis of the research outlined remains on large corporate retail capital, it is clear that there are a wide variety of relationships between retailers and suppliers, customers and the regulatory state which affect the broader nature of retailing and consumption. Research into the actions of a wider variety of retailers, rather than only the established corporate grocers, therefore presents the possibility of better understanding the complex relationships between actors within the spheres of consumption and production in creating new retail formats and retail landscapes.

2.4 Geographies of Consumption

2.4.1 Geography and Consumption

The rise of a new economic geography of retailing has not occurred in isolation from the broader development of economic geography, but has been associated with the broader resurgence of a political-economic perspective. Likewise, the emergence of interest in culturally-informed geographical study has been reflected in new geographies of consumption. While new economic approaches in part responded to the shift from Fordism to post-Fordism and a desire to understand the effects and driving forces of these changes, culturally-orientated studies have placed the emphasis on the transition from modernity to post-modernity as the cultural expression of post-Fordism. Postmodernism, which stresses aesthetics and the consumption of images (Lash and Urry, 1994), has become of significant interest to both academics and non-academics, while highlighting the manner in which society as a whole has become increasingly consumption orientated.

Social and cultural geographers had previously been predominantly concerned with collective consumption and the distribution of goods and services rather than the actions of retail firms. By contrast, the everyday manifestations of consumption, such as shopping, advertising and the media, were neglected by both economic and cultural researchers. However, it has been increasingly recognised that the dynamics of consumption are important in understanding the relationship between society and space (Jackson and Thrift, 1995). Crang and Malbon (1996) suggest that consumption is one of the crucial problematics of our age and that geographies of consumption are of interest within more general consumption debates. Additionally Crang and Jackson (1998) note that consumption is increasingly being understood as a social process, which allows connections to be drawn between, on the one hand, consumption and the social relations of production, and, on the other hand, cycles of product use and re-use in the realm of consumption.

Jackson and Thrift (1995) identify three main themes within contemporary geographies of consumption: consumption sites, consumption chains, and the spaces and places of consumption (Jackson and Thrift, 1995). A significant sub-category of consumption experiences can also be identified within studies of consumption spaces (Lowe and Wrigley, 1996). This literature has predominantly focused on the effects and expression of the culture of consumption, but raises a variety of issues of direct relevance to the actions of retailers.

2.4.2 Consumption Sites

Consumption sites are seen by Jackson and Thrift (1995) as the spatial expression of the culture of consumption. This characterisation draws on Knox (1991), who describes Western society as becoming like a supermarket writ large, increasingly geared towards acts of consumption. The commodification of society is seen by Knox in part as a result of the shift from (Fordist) mass production and consumption towards a more flexible form of capitalism. Under this new regime, production has become more tightly entwined in consumption demands and a new middle-class fraction has developed which places emphasis on aesthetics (Knox, 1991; Jackson and Thrift, 1995). Retailers therefore have a key role to play in identifying and servicing new consumer demands, which in turn modify the retail and consumption environment.

Retail developments, notably including spectacular mall developments such as the West Edmonton Mall and Metro Centre (see Chapter 1) have been a particular focus of consumption geography (Crawford, 1992; Goss, 1992; Chaney, 1990; Jackson and Thrift, 1995). However, Jackson and Thrift (1995) identify three key problems with the 'sites' literature. First, there is an over-emphasis on notions of the control wielded by developers, as opposed to a focus on the ways in which consumers subvert such constraints. Second, such studies have tended to be carried out in an historical vacuum, hence neglecting a potentially valuable contribution to the understanding of contemporary retail landscapes. Third, consumption sites are often characterised as fixed constructions, whereas Jackson and Thrift (1995) suggest they are sites where class, gender and sexuality are negotiated, contested and formed.

A number of recent studies attempt to respond to Jackson and Thrift's (1995) concerns. For example, Domosh (1996) and Lowe & Wrigley (1996) have introduced an historical context; malls have been re-explored as the post-modern equivalent of the Nineteenth Century department store (Blomley, 1996). Likewise, Domosh (1996), again considering department stores, has explored the changing historical role of the female consumer.

Blomley (1996) and Domosh's (1996) work on the department store, which they argue was the quintessential consumption space of the late Nineteenth and early Twentieth Centuries, can also be seen as a response to the over-emphasis on spectacular consumption sites, such as malls (Crang and Jackson, 1998). Gregson and Crewe (1994) pursue this idea by emphasising the multi-locational and 'everyday' nature of consumption. They highlight the car boot sale as the 'quintessential post-modern consumption site'. It represents the antithesis of the panoptican-like mall; controls are minimised, producing a fluid environment in which anyone can be a vendor or consumer, or both. Similarly, the vendors move between sales and at the end of the day the whole site reverts to another use.

2.4.3 Consumption Chains

The second theme within geographies of consumption concerns consumption chains, which represent threads linking consumers and producers. Chains occur at a variety of spatial scales, from the international to the local, as well as at temporal scales, from a single shop visit to several trips. The journey by which a product reaches the store, and is integrated within the consumption landscape, represents another crucial chain. Studies of consumer movement chains, which have sought to trace moves from shop to shop, explore consumption as a social process which begins with an isolated act of purchasing (Jackson, 1994). However, research into consumption chains highlights the fact both that consumers are presented with a multitude of consumption possibilities to which they must react (Carlstein and Thrift, 1978). Additionally, it is emphasised that acts of consumption involve the consumption of time and space as well as the purchase of particular products (Jackson and Thrift, 1995).

A larger body of work examining consumption chains in terms of commodities has also developed. A number of authors (e.g. Cook, 1994; Harvey, 1990) have sought to reveal the linkages formed as raw materials are brought together as consumable products, and the way in which the products are integrated into consumer culture. For example, Cook (1994) provides an account of the integration of exotic fruits into the everyday consumption landscape of the supermarket, revealing the hidden geography and cultural transformations implied by this process. Likewise, Harvey (1990) uses the analogy of asking where the food on your plate comes from to highlight the diverse origins of those items. These studies also emphasise the fact that consumption experiences are reliant upon the convergence of materials and labour; the economic realities of the production of goods and their subsequent retail therefore remain firmly embedded within the cultural impact of acts of consumption.

Leslie and Reimer (1997) adopt similar language in their study of the Canadian and UK home-furnishings industries, arguing that retailing is an important research focus because of its role in resolving the relationship between production and consumption through commodities. They note that in the furnishings industry retailers have been central to both the promotion of new consumption patterns and changing retailer-supplier relations. The retailers are thus characterised as important innovative components in the contemporary home-furnishings retail environment. Leslie and Reimer's (1997) adoption of a commodity chain approach links in-store activities, such as lifestyle marketing, with the relationships retailers form with other actors on the retail scene; in-so-doing links are also drawn between consumer society, retailers and the production of commodities.

2.4.4 Consumption Spaces and Places

The third element of the geographies of consumption literatures concerns more abstract notions of space and place, in which the retailer again emerges as a key player, using space for strategic goals to redefine the nature of the consumption environment. For example, Dowling's (1993) study of Vancouver's Woodwards department store characterises the shop window not only as a space in which goods are displayed, but as a representation of the whole store. Lefebvre's distinction between 'spaces of representation' and 'representations of space' can be seen reflected in this argument. By contrast, Shields (1989) suggests consumption sites are increasingly constructed around superficial media images perpetuated by retailers, which sell 'ready to wear masks' providing no insight into the products' origins (Sack, 1992; Lee, 1993).

Goss (1993) and Shields (1989) explore 'hidden geographies', suggesting that the design of retail developments seeks to influence the consumer covertly. Both authors note that malls are designed to maximise consumers' 'dwell time' and propensity to purchase, and, therefore, to realise profits for the developers and retailers. However, Goss goes further and suggests that malls do this by creating the illusion that something other than shopping is going on. Other studies have identified the increasing leisure orientation of such sites as being important in this respect (Crawford, 1992; Newby, 1993). Goss also notes that, despite the contrived nature of these sites, consumers may still enjoy the experience. However, he also suggests that they are dupes to the controls of the malls, which are designed to influence their movements and desire to buy products.

Despite Jackson and Thrift's (1995) concerns (see section 2.4.2), a focus on the control aspects of mall design does highlight an important debate relating to the nature of consumers. However, the ability of consumers to subvert the controls of these sites has been polarised in the academic literature between characterisations of consumer sovereignty versus those of consumers as dupes to the system. Central to this debate is the role and aims of retailer and developer strategy, which manifests itself in the spatial configuration of mall environments.

Goss (1993) presents a modernist characterisation of the consumer as a passive and vulnerable figure at the mercy of the mall designer. This contrasts with Shields' (1989) notion of a street-wise character, aware of, and able to subvert, the controls and influences of the mall and retailer. This consumer is a 'post-shopper', a modern day flâneur or flâneuse, who window shops, hangs out and uses the mall space for his or her own ends (Clarke, 1997). Both scenarios present opportunities for retailers and developers either to control consumers, or adapt their formats to best exploit modern consumption practices. The ways in which retailers read the market and react to it in design terms therefore presents an important research theme.

Goss (1993) suggests that malls are everything they claim not to be. While appearing to be public places, they remain resolutely private; similarly they appear to be sites of leisure and recreation, while being built for capital accumulation. These effects are created through the dissection and reassembly of images, places, signs and times in a way that questions true reality by overlaying a new post-modern hyper-reality. Shields (1989) also highlights the Foucauldian nature of control exerted by the physical structure of the building, which, for example, may include placing 'up' escalators at opposite ends of the mall, ensuring people walk past all the centre's shops as they move upwards. Video surveillance, security guards and atmospheric factors, such as canned 'musak', also seek to exclude those who will not generate profit for the centre.

Revealing the hidden geographies of the retail spaces and places again puts the emphasis on developer and retailer strategy. The spectacular nature of contemporary retail environments is the product of developers' and retailers' strategies for maximising consumer spending and thus profitability. However, to date there is little research which explores the nature of, and reasoning behind, retail strategy in the context of its spatial outcomes and impact on the nature of consumption.

Experiences of Consumption

Initially geographies of consumption tended to neglect the activities of consumers as a research subject (Jackson and Thrift, 1995). However, more recent work identified by Lowe and Wrigley (1996) places emphasis on the leisure and lifestyle possibilities presented to consumers. This strand of the retail geography literature serves to emphasise the role of consumption as a cultural force which is a core element of the way in which individuals spend their leisure time and construct their own identity. For example, Dowling (1993) explores the theme of identity construction in relation to gender, while Fiske (1989) contrasts a traditional patriarchal view of women and shopping with the idea that retail spaces can also be liberating and empowering for women. Blomley's (1996) reading of Zola's "Au Bonheur des Dames" deals with the department store as the realm of women, and suggests that shopping may be perceived as a pleasurable use of leisure time. By contrast, Shields (1992) considers the formation of adolescent sub-cultures, and the role of the mall in this process.

The growing association between retail and leisure, which was outlined in Chapter 1, has also been reflected in the academic literature. Townsend (1997) suggests that shopping is increasingly a motivation for day tourism. Newby (1993) develops the idea of shopping as leisure, arguing that for retailers to succeed in the contemporary consumption environment, they must appreciate that the term 'shopping' comprises a wide range of motivations and choices and that leisure is increasingly important to achieving success. Newby also notes that there may be operational conflicts involved in reconciling aspects of leisure with the drive to maintain retail efficiency.

Featherstone (1991) and Miller *et al* (1998) emphasise the importance of 'cultural capital', which includes historic buildings and the associated atmosphere, to experiences of consumption and the material act of purchasing goods. Similarly, developers have sought to create a similar environment artificially through festival shopping, the ingredients of which are described as:

"*... greenery and activity; colour and light; striking retail presentations, small scale selling; people promenading; people relaxing; bands playing; people entertaining; people eating.*"

(Ogg, 1990; p.2)

Festival shopping's image-conscious landscape contrasts with the less structured landscape of the car-boot sale, where Gregson and Crewe (1994) also see retail and leisure entwined. The retail site is thus as an important part of the consumption experience as the purchase of, and decision to purchase, particular goods; where people consume is thus part of what is being consumed (Crang and Jackson, 1998). Newby's (1993) assertion that shopping should not be seen as being either functional or leisure orientated, but as a continuum which includes a wide variety of retail experiences is also reflected in the nature of particular retail landscapes.

Bowlby (1993) and Miller *et al* (1998) note that consumers have become advertisements for themselves, creating their own self-images through what and where they consume. Retailers thus play a central role both in the creation and the perpetuation of consumption culture. The literature concerning experiences of consumption therefore implies, but does not fully develop, a significant role for retailers in interpreting and forming new retail and consumption experiences as they strive for business success.

2.5 An Economic and Cultural Geography of Retailing

2.5.1 Introduction

The emergence of a new economic retail geography alongside a culturally-informed geography of consumption has broadened the remit of geographical retail studies. However, despite thematic overlaps, it is only very recently that work has started to draw on relevant aspects of both literatures. Research which has adopted a perspective based on both economic and cultural literatures has more explicitly explored the role of retail businesses in shaping retail landscapes and consumption experiences. The research considered in this section therefore considers the way in which retail strategy acts as the building blocks for the changing retail landscapes and experiences described in Chapter 1.

2.5.2 New Geographies of Retail Employment

Christopherson (1996) argues that consumption workplaces have been a neglected area of consumption studies. However, this omission has been redressed by studies which move the subject forward by combining economic and cultural perspectives (Christopherson, 1996; Lowe and Crewe, 1996; du Gay, 1996; Miller *et al*, 1998; Crang, 1994). As a consequence, the role of store staff in the creation of consumption experiences, and the significance of retail strategy in the changing nature of retail landscapes, has become a significant focus of geographical enquiry.

Studies of retail employment have sought to explore the experiences of working in new landscapes of consumption alongside strategic considerations. The types of people employed, the demands placed on them by employers, and the tasks performed to fit in with the firm have all been addressed. Lowe and Crewe (1991) and Miller *et al* (1998) emphasise the way in which store staff are increasingly made part of the image being created by a retailer. Likewise, Hogarth and Barth (1991) focus on B&Q which has built its positioning on the idea that customers want to be served by people 'like them'; in this case, the experience of having 'done it themselves' is important. However, more generally questions of age, ethnicity and gender are considered ever-more important by employers selecting staff to fit the company's specific needs (Lowe and Crewe, 1996; du Gay, 1996).

Employees are relevant to company image not only through their appearance, but also through the words and actions used in making contact with customers. Disney employees are known as cast members, and become actors playing a specific part (Crang, 1994). The store provides the stage and set in which the staff are 'sold' alongside the products as part of the retail experience which customers specifically seek out (Lowe and Wrigley, 1996).

Studies of retail employment have also considered the use of flexible strategies (Townsend, 1997). For example, grocery supermarkets use numerically flexible shop assistants to match staffing levels with short-term fluctuations in consumer demand such as evenings and holidays. Christopherson (1996) echoes Sparks (1992) by emphasising the way in which the management perception of retail labour as a means of serving the customer and making a profit is mediated by the cost of employing that labour. Consequently recruitment strategies must meet the needs of the company image and customer service experience, but also the budget and management requirements in terms of worker retention to validate investment in recruitment and training (Sparks, 1992). The retail environment is one where increased staff levels are often associated with better service; retailers must therefore reconcile this perception with reducing costs and the need for efficiency. Christopherson (1996) also detects a broader shift within retailing from numerical to functional staff flexibility, characterised as the result of demographic changes and rising full-time female employment, a group traditionally seen as seeking part-time work.

2.5.3 Economic and Cultural Retail Success

The break-up of Fordist mass markets has since the 1980s led retailers to no longer perceive consumer desires as homogeneous. du Gay (1996) consequently believes that 'getting it right economically' has increasingly meant 'getting it right culturally'. Competitive stances based on image-related factors, and not price, have become increasingly prevalent. Retailers' responses to changing patterns of demand, expressed through innovative store designs, use of store staff and branding, have:

"*encouraged the transformation of retail from dull, distributive cypher to culture industry and hence the progressive dislocation of production and consumption.*

(du Gay, 1996; p.110)

The positioning of a retail format has become the retailer's response to the perceived mental maps of desire influencing target customers (du Gay, 1996). A complete and coherent proposition must be presented, which includes merchandise selection, trading format, customer services and customer communications, while enabling the consumer to identify with the proposition (du Gay, 1996; Knee and Walters, 1985):

"Retailing is increasingly a hybrid activity; which is to say that what is properly 'economic' and what is properly 'cultural' about retailing are inseparable, notably because ... contemporary economic success in retailing is premised upon the production of meaning."

(du Gay, 1996; p.116)

While du Gay (1996) stresses that economic success for retail businesses is reliant upon an understanding of the cultural aspects of consumption, Freathy and Sparks (1996) offer a reminder that retailers pursue the cultural aspects to improve the economics of the firm. Freathy and Sparks (1996) link the drive for efficiency and better customer service to the changing nature of retail operations. The emergence of culturally relevant aspects of retailing are thus characterised as the result of retailers mediating the relationship between consumer demand and economic reality. For example, new retail sites such as airports and railway stations, which are a response to the economic circumstances of retailers and developers have at the same time introduced new consumption possibilities (see Chapter 1; Swinley and Thompson, 1992).

The work of du Gay (1996), Freathy and Sparks (1996) and Christopherson (1996) serves to demonstrate the interdependent roles of production and consumption, as well as to place retailers at a pivotal point between the two. However, there is a need to consider the changing nature of the retail environment more explicitly in terms of the actions of individual retailers. Retail strategy needs to be understood in the context in which it is developed; consumer demands, the economics of retailing and the regulatory environment in which retailers operate need to be explored in combination in order to explain the evolution of retail formats and their impact on the consumer's consumption possibilities.

2.6 Summary and Conclusions

2.6.1 Summary

The traditional retail geography literature contains a range of themes which retain relevance for contemporary retailing; the actions and operations of retail businesses, together with the actions of customers and the relationship between these groups have the potential to contribute to an understanding of the operations of the modern retail environment. However, the applied nature of these studies means the impact of retailers' strategies on the nature of the broader retail environment are not considered. Similarly, while there is a focus on location at both the macro and the micro scale, the strategies of individual retailers at the intermediate scale remain neglected; the role of the city centre in comparison with that of the out-of-town retail park has therefore remained unexplored.

Conversely, the new economic geography of retailing is rooted in a retheorisation of retail studies which shifts the focus to the role and actions of retail capital. The characterisation of retail capital as a moment in the wider circuits of capital emphasises the role of retail businesses as a mediator of relationships between the spheres of production and consumption. However, despite identifying connections between production, consumption and the operations of retailers, important themes remain marginalised by the focus on the actions of large corporate retail capital. As a consequence other significant retail forms have been left unexplored. Similarly, economic retail studies tend not to draw connections between retail strategy and changing consumption experiences. For example, while the preferential allocation of shelf-space to own-label products is considered (Hughes, 1996), it is seen as a strategy for renegotiating supplier relationships, rather than also being presented in the context of building retailer brand-orientated consumption experiences.

The changing experiences of consumption have been considered through the emergence of a culturally informed geography of consumption. The focus of this literature on the sites, chains, spaces and places of consumption (Jackson and Thrift, 1995) identifies a variety of important ways in which consumption environments have evolved. However, these studies often make only implicit reference to the role of retail strategies and retail capital, instead placing an over-emphasis on the appearance and cultural roots of the landscapes. Because retailing has been shown to maintain a pivotal position within consumption landscapes, there remains a need to understand the relationship between retailers as economically-driven entities and their cultural impacts.

These two key strands of contemporary retail studies within geography - economic retail and consumption studies - complement, rather than overlap, each other. Indeed aspects of each literature are of direct relevance to themes explored in the other. For example, the manner in which retailers are increasingly blurring the boundary between retail and leisure needs to be seen in the context of the search for a competitive stance and the economics of retailing, while also fundamentally altering many shoppers' experiences of consumption. More recent studies have therefore sought to appreciate the interwoven nature of the economic and cultural aspects of retailing (du Gay, 1996) and in so doing implicitly emphasise the need for a more developed understanding of the operations of the individual retail business. Although studies have started to focus on particular companies, there remains a need to consider types of retail business, rather than isolated individual cases, so as to better comprehend the role of the retailers in changing the consumption landscape.

2.6.2 The Corporate Focus

A corporate retail perspective provides an important focus of research in retail geography. Studying retail firms allows exploration of aspects of both business operations and consumer culture, and the connections between the two to be observed. Study at the firm level also provides a way of understanding the role of businesses through the individuals in control and their decision making processes (Chapman and Walker, 1991). Townsend (1997) emphasises this point:

"Change in the geography of retailing may be understood only through the institutions involved (Burt and Dawson, 1990). ... they have had to show sensitive response to economic, social, technological and cultural developments in society, including the impact of recessions in the need for flexibility and adaptability."

(Townsend, 1997; p.157)

A corporate geography approach implicitly suggests that individual firms have the power to shape their trading environment and also allows theoretical concepts to be confronted on the ground (Chapman and Walker, 1991; de Smidt and Wever, 1990; Dicken, 1990). However, Walker (1989) cautions that a corporate geography approach makes it difficult to separate the causal powers operating on large firms from those operating on the capitalist system more generally. Corporate economic geographers therefore need to understand the connections between the production of place and the production of commodities and profit. Corporate geographers have also over-emphasised the role of large corporate entities, and there is therefore a need to broaden the remit of this approach to better appreciate industrial diversity (Walker, 1989).

Dicken and Thrift (1992) echo Walker's (1989) call to rethink the geography of enterprise by proposing an approach which examines how production systems are organised in time and space and recognises the role of the business enterprise in the process. The need to move beyond a dichotomous relationship between the market and the firm as forces of organisational co-ordination is also promoted by Dicken and Thrift (1992), who suggest that a focus on the firm should seek to reveal intra-firm structures as a network, rather than a hierarchy. In this manner the way in which a business is embedded within its marketplace can also be clearly revealed.

The use of case studies is an integral element of the geography of enterprise, which Hayter (1997) suggests is important in revealing the interplay of tangible and intangible forces shaping the trading environment:

"... ultimately industrial location patterns and regional industrial change needs to be understood in terms of prevailing global forces and how economic agents respond to, modify and even lead such forces within particular places. Within industrial geography, the business firm is widely recognised as the main 'agent' of change."

(Hayter, 1997; pp.8-9)

The relevance of a corporate focus in terms of revealing and understanding the networks of linkages between relevant organisations and businesses is further echoed by Schoenberger (1994; 1997), although she places greater emphasis on the relationship between strategy and strategists. Questions of power, identity and knowledge are raised by Schoenberger (1994) as being central to the successful implementation and outcomes of corporate strategies. Links are also explored between corporate culture, the individual strategists, strategic decision making and the strategist's company vision; consideration of such people, Schoenberger argues, provides:

"a window on the nature and the power of the managerial commitments that shape corporate strategy"

(Schoenberger, 1994; p.442)

Understanding corporate strategists and the company culture that they create reveals information about the strategic reasoning behind the ways in which individual firms modify their trading environments. Culture, Schoenberger (1994) concludes, may be seen in the business literature as needing to be adapted to strategy, but in reality both influences and directs strategy. A clear argument is thus made for a corporate approach, which can build on existing geographies of retailing by demonstrating the interwoven nature of economic and cultural strands.

2.6.3 Conclusions : A Geography of Retailers

Although the work of Walker (1989), Dicken and Thrift (1992), and Schoenberger (1994) is rooted in manufacturing, there are parallels and links to the study of firms in the retail sector. For example, Schoenberger's (1994) call to theorise the corporate strategist echoes Jones's (1991) emphasis on consideration of entrepreneurial decision making within the retail sector:

"*... by focusing on entrepreneurial decisions, the firm, spatial distribution, and dynamics of urban retailing can be better understood*"

(Jones, 1991; p.285)

A corporate geography of retailing therefore focuses on retail strategy and the decision making process as well as the outcomes in terms of innovation in products, store types, locations and market segments. In-so-doing corporate behaviour is revealed in the context of economic reality and is related to the evolving nature of the retail landscape and consumption experiences. Study at the firm level also offers the opportunity to present strategic decisions and their outcomes, whether organisational, image-related or spatial, as being embedded within the context of the individual marketplace. In this way the endogenous nature of the relationship between the individual retail firm and the retail market as a whole can also be revealed and explored.

The firm is already increasingly being made the focus of studies within retail geography. Wrigley (see for example 1992; 1993; 1995; 1996) in particular has rooted studies of retail restructuring in the strategic manoeuvring of large corporate grocery chains. However, both corporate retail geography and corporate geography more generally, have suffered from an over-emphasis on the largest businesses. Dicken and Thrift's (1992) call to broaden the remit of corporate geography and more fully appreciate the diversity of business forms and trading styles instrumental in changing business environments should therefore be extended to the retail sector.

Studies that have shifted the focus away from the supermarkets, including studies of The Gap (Lowe and Crewe, 1996) and Bennetton (Crewe and Lowe, 1996), remain in the minority. Likewise there have been no attempts to explore the ways in which a diverse range of retail types and sizes are influencing change in the retail landscape. There has been an over emphasis on both large companies and also spectacular consumption sites. The major contribution of this thesis is therefore to shift the focus of attention to fast growing entrepreneurial retailers and the ways in which they are changing the retail environment. In Chapter 3 the case is made for more specific consideration of fast growing retail businesses, while Chapters 4-7 seek to understand how fast growth retailers have contributed to the reshaping of the retail environment that was described in Chapter 1.

3
RESEARCHING FAST GROWTH RETAILERS

3.1 Fast Growth Businesses and Retail Change

3.1.1 Introduction

In Chapter 1, the evolution of the retail environment is considered and the individual retail firm identified as a central agent driving the changing nature of the retail environment. In Chapter 2, it is argued that a corporate geography of retailing, which focuses on the individual firm, offers the potential to gain important insights into the workings of the retail environment by appreciating the way in which retailers modify experiences within the retail environment through their strategic actions. In this chapter the argument is elaborated by proposing that fast-growth retail businesses (FGRs) offer an important perspective from which to study of retail change. In the second half of this chapter the methodological issues associated with researching fast growth retail businesses are considered, and the manner in which this particular study was carried out is discussed.

3.1.2 Fast Growth Businesses

The significance of fast-growth firms in terms of both their contribution to the overall national economy and also their ability to generate innovations which change the retail environment is disproportionately large in comparison with their absolute number. While Marshall and Wood (1995) highlight a long held belief that large firms dominate in terms of economic growth and employment and are the key forces of change in the business environment, there is growing recognition that fast-growth firms also play a critical role (Birch, 1987a; Storey, 1996; 1997).

Despite only constituting a small proportion of all businesses, fast-growth firms generate disproportionate effects. For example, fast-growth firms have a significant impact on job creation (Ginn and Sexton, 1989; Reynolds, 1993; Storey, 1994a). Birch and McCraken (1982) estimated that 12-15% of the small business sector is responsible for approximately 75% of net jobs created. Birch's (1987b) later study, which focused on the early 1980's, further estimated that 5%, 10% and 15% of the small business sector is responsible for 83%, 93% and 98% of new jobs created respectively; Woods *et al* (1993) and Gallagher and Miller (1991) provide additional UK evidence to support this conclusion. Other studies have also suggested that fast-growth firms have a positive impact on national economic growth, sales and exports, which is disproportionate to their number (Reynolds, 1993; White and Reynolds, 1996).

Birch (1987b), who uses a 'growth index' calculated by multiplying levels of absolute growth by percentage growth (expressed as a decimal), suggests that it is a business's innovative nature which enables fast growth to be achieved; fast growth therefore also provides a way of identifying innovative companies. Similarly, Storey (1997) suggests that slower growth firms often try to become more innovative when seeking faster expansion. Harrison and Taylor (1996) and Taylor (1997) also suggest that fast-growth companies are characterised as being synonymous with innovation:

"*... 'supergrowth' companies are the vanguard of UK business. They succeed because they innovate. They break new ground, launch new types of products and services, introduce new forms of organisation and more cost effective ways of operating.*"

(Taylor, 1997; p.6)

Storey's (1997) study, which defines innovation on the basis of whether or not new products or services have been introduced by a company in recent times, also concludes that innovation is often a central determinant of a firm's growth rate. Although Storey (1997) found that around two-thirds of fast-growth firms from across all industry sectors could be considered innovative, a significant minority of firms achieved fast growth despite a lack of innovations implying that growth can also be achieved in other ways, without the aid of new products. Birch (1987b) characterises innovation under a broader definition which includes marketing innovations, technological innovations and systems innovations. Drawing on Drucker (1985), Birch (1987b) further notes that what is considered innovation is, more often, the innovative repackaging or evolution of a pre-existing idea:

"Ray Kroc [(McDonalds)] didn't invent the hamburger, after all, but only did it up in a new way. ... Innovation, then, can take one of two forms: the creation of something novel, or the reshuffling of existing components to present the familiar in a new form"

(Birch, 1987b; p.65).

Within the context of retailing, innovation can best be appreciated through a broader view, such as that espoused by Birch (1987b), which encompasses product selection, merchandising strategies and the development of a retail brand, as well as associated elements of store design, location strategy and aspects of business practice. Because retailers do not, by their very nature, manufacture products, retail innovations must take the form of services, presentation or other undefined trading strategies; while the example of McDonalds demonstrates that firms engaged in retail distribution can be innovative, a broader definition of innovation is required to appreciate this.

3.1.3 Defining Fast Growth in Retail

Defining fast growth can be problematic because of its relative nature. A definition applicable to one market is often inappropriate for another, a problem amplified in retailing by the diversity of sub-sectors. The choice of growth criteria, which may include turnover, profit, numbers of employees or retail outlets, adds another element of definitional confusion which becomes an issue if there is no correlation between growth measures. The problem is compounded by the fact that growth measures are differently correlated to growth depending on whether they are calculated in absolute or relative terms (Delmar and Davidsson, 1998). Other factors such as the choice of time period over which growth is measured can also fundamentally affect which companies are identified as fast growing.

Harrison and Taylor's (1996) long-term study of 'supergrowth' firms uses two turnover-based definitions of fast growth. The first part of the study, performed in 1980, defines fast growth companies as having a turnover of between £10 million and £100 million, and experiencing turnover growth of at least 20% per year over a five year period. The second part of the study, carried out in 1990, raised the turnover requirements to between £20 million and £200 million (Taylor, 1997). Storey's 1996 study, which sought to identify the top ten percent of businesses in terms of turnover growth, used a similar definition to that of Harrison and Taylor (1996). However, Storey (1996) required companies to generate a turnover of between £5 million and £100 million and to achieve annual growth of at least 30% for four years.

Although definitions of fast-growth exist in non sector-specific studies, their relevance to retailing has not been fully assessed. However, such studies do present the best starting point in developing a suitable retail definition. Thus in the absence of a definition specifically suited to the retail sector, those devised by Harrison and Taylor (1996) and Storey (1996) has been used as the basis of a working definition for this thesis.

Developing a suitable definition of fast growth is reliant upon the nature of the data source available. Storey (1996) uses the ICC/OneSource UK Companies on-line database to generate a list of fast-growth businesses. The sample population for this thesis was generated using ICC/DIALOG UK companies database, the nearest equivalent system available. It should be noted that differences in the database systems and the ongoing updating of the ICC data mean that it is impossible to duplicate the list of retailers identified by Storey (1996).

The ICC/DIALOG database has a number of other shortcomings which restrict its ability to generate a comprehensive list of fast growth retailers. First, its coverage does not exclusively relate to retailing, but contains data on all industrial sectors. While retailers can be separated out using SIC codes, firms for whom retailing is only a limited part of their activities, such as wholesalers, are still picked out. Second, the database sample is not restricted to solely UK-owned firms; therefore foreign companies with UK trading businesses, such as Disney, can not be separated out at the search stage. Third, on-line databases are regularly updated and therefore represent a single moment in time. It is consequently difficult to recreate or alter search criteria if results from a first attempt highlight problems in the approach. Fourth, time lags between the submission of company data and use of the database may mean that while some companies exceed the growth criteria by the time the data are used, other companies achieving fast growth at the time the data are used may not be identified.

The database search for this study was undertaken in order to generate a list of FGRs which could be used as a sampling frame. The database search was carried out in two stages. The first, in November 1996, required companies to generate a turnover of between £5 million and £100 million, and to have experienced turnover growth at least equivalent to 250% over four years (approximately 36% per annum). In the second stage, carried out in February 1997, the criteria were relaxed slightly in order to generate a larger sample of fast-growth companies from which to identify potential interviewees. Companies with a turnover of between £5 million and £200 million were sought which had experienced turnover growth at least equivalent to between 199% and 251% over four years (between approximately 26% and 36% per annum). The businesses in both sets also had to have retail SIC codes.

The database identified 87 businesses in the first search and a further 24 in the second. However, these figures included both non-independent businesses and those for whom retailing is a secondary activity. When these were removed, 49 retailers remained in set one, and 14 in set two (see Appendix 1 for full list of participating companies). The combination of a total sample population of only 63 companies, coupled with relatively low rates of response to interview requests, necessitated consideration of other ways to identify FGRs. This reflects the findings of Delmar and Davidsson (1998), who recommend the inclusion of firms identified under a range of criteria because of difficulties in producing a 'watertight' definition of fast growth.

A number of other FGRs were therefore identified using less formal methods based on knowledge and perceptions within the retail industry. This included retailers identified as 'rising stars' at industry awards (Retail Week, 1997a), innovative fast-growth firms identified as such by other retailers, and companies which embarked on large-scale outlet expansion programmes, reported in the trade press, since the database search was carried out. Of the 30 firms which participated in the study, approximately one-third were identified by informal methods.

3.2 The Nature of Fast Growth Retailers

3.2.1 Rates of Turnover Growth

In this section the characterisation of the FGRs identified by the database search are considered and compared with the characteristics of fast-growth firms across all sectors[1]. While this study has identified a significant number of FGRs, as a group FGRs constitute a smaller group of companies than might be expected on the

[1]The database contains information on rates of growth and location of company headquarters. This information has been supplemented with material concerning the sectors in which the businesses trade and their year of founding, using the Dun and Bradstreet's Key British Enterprise directory (1996; 1997), trade journal profiles and Companies House Infocheck cards.

basis of VAT registrations. Although approximately 15% of all VAT registered businesses were involved in retailing at the time the database search was carried out (BVCA, 1996), Storey (1996) identifies 6.7% of all fast-growth business as being involved in retail distribution. However, FGRs exhibit very high rates of turnover growth, with approximately one-third achieving growth in excess of 500% over four years (Table 3.1). However, this needs be understood within the context of company founding dates (see section 3.2.4), which reveal a significant number of young firms.

Table 3.1 Turnover Growth

Turnover growth over 4 years (%)	Number of Companies		Percentage of Companies	
199 - 499	37		58.7	
199 - 249		9		14.3
250 - 299		13		22.3
300 - 349		5		7.9
350 - 399		4		6.3
400 - 449		2		3.2
450 - 499		4		6.3
500 - 999	15		23.8	
1000 - 1499	5		7.9	
1500 - 1999	2		3.2	
Over 2000	4		6.4	
Total	63		100	

Many of those businesses displaying the highest growth rates are recent start-ups, whose initial turnovers are reflected in disproportionately high percentage turnover growth. The remaining two-thirds of businesses have grown between 199% and 499%; of this group the majority are between 199% and 299%.

3.2.3 Retail Sub-Sectors

FGRs are present across the retail spectrum, with a significant number of companies represented in emerging niche sectors including coffee houses, pets and pet accessories and communications (Table 3.2). There are also an important number of fast-growth retailers in larger established sectors, including fashion, furniture, DIY, sports goods, toys and hobbies.

Table 3.2 Retail Sub-Sectors

Retail Sub-sector		Number of Companies	Percentage of Companies
Clothes, fashion and accessories		12	19
House products	Furniture: 4		
	Homewares : 4		
	DIY: 2		
	Carpets : 2		
	Total	12	19
Opticians		5	7.9
Hobbies, toys and computer games		4	6.3
Sportswear and goods		4	6.3
Shoes		3	4.8
Gifts and cards		3	4.8
Food, fast food and coffee houses		3	4.8
Communications		3	4.8
Pets and pet accessories		2	3.2
Chemists		2	3.2
Discounters		2	3.2
Books		1	1.6
Others (including: convenience stores, office equipment, stationery, luggage, jewellery and electricals)		7	11.1
Total		63	100

The plethora of retailers in emerging niche markets means that traditional retail sub-sector classifications are increasingly inappropriate, while the emergence of significant niche categories, such as pets and communications, also reflects the fragmentation of retailing discussed in Chapter 1. However, even the established sectors such as house products and fashion reflect the fragmented nature of contemporary retail sectors. House products now includes everything from furniture through DIY to Habitat-style homewares. Likewise, sectors such as shoes and sportswear can be subdivided on the basis of elements such as fashion, as retailers seek to appeal to particular consumer types.

3.2.4 Location of Company Headquarters

The assumption is made that companies are headquartered near where they were founded. On this basis, FGRs emerge from across the UK. However, the pattern is not uniform (Table 3.3). Approximately 60% of the study firms are located in London and the South East, a figure which far exceeds the expected number on the basis of VAT registrations, whereas East Anglia, Yorkshire and Humberside, and Northern Ireland have no retail representation at all. FGRs are much more likely to be established in London and the South East than other types of fast-growth firm. Storey (1996) found that less than 25% of all fast growth firms originated from London and the South East in comparison with 35% of FGRs identified by this study. The concentration of fast-growth retailers in London and the South East confirms that this part of the country is particularly conducive to retail innovation and entrepreneurship.

Table 3.3 Location of Company Headquarters

Region	Number of Companies	Percentage of Companies	Total % VAT Registered Companies	Results from Storey (%)
South East	22	57.1 { 34.9	35	10.3 } 24.4
London	14	22.2	in South East	14.1
North West England	6	9.5	9	8.6
West Midlands	6	9.5	8	8.4
East Midlands	6	9.5	7	4.6
South West England	3	4.8	9	9.8
Scotland	3	4.8	8	10.2
North East England	2	3.2	4	7.6
Wales	1	1.6	5	8.6
East Anglia	0	0	4	8.4
Yorkshire and Humberside	0	0	7	8.0
Northern Ireland	0	0	4	•
Total	63	100	100	98.6

Source: ICC / DIALOG search; BVCA (1996); Storey (1996)

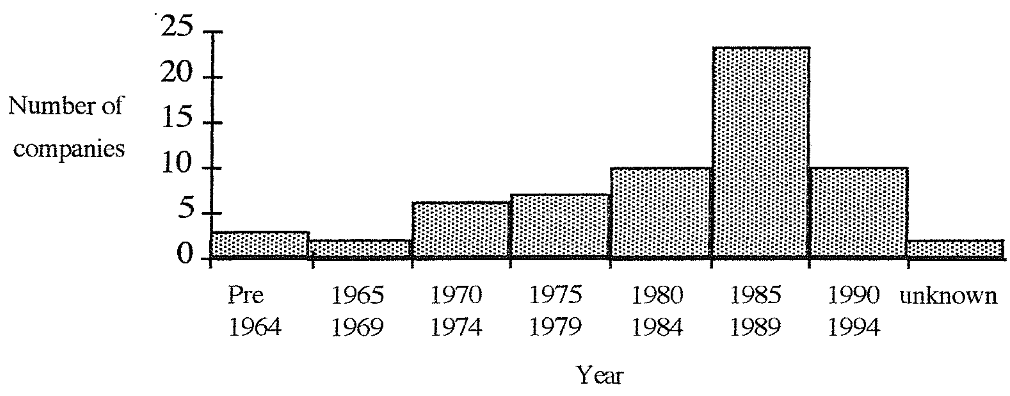
The North West and both the West and East Midlands also contain more FGRs than might be expected on the basis of companies registered for VAT (Table 3.3); all other areas have below the expected number. A comparison of the regional distribution of FGRs and all fast-growth firms, as identified by Storey (1996), indicates that the East Midlands has a larger proportion of fast-growth retailers than for all fast-growth firms, whereas the North East and East Anglia all have a smaller proportions.

3.2.5 Year of Founding

The majority of fast-growth retailers are around ten years old (Figure 3.1). This closely corresponds with Storey's (1996) results, which identify nearly 60% of all fast-growth businesses as having been founded since 1984. The peak in start-ups identified by both this study and Storey (1996) is the period 1985-1989; significant numbers also occur in the five years immediately before and after this period. This may reflect a life-cycle element to business growth, suggesting that firms are usually able to achieve maximum growth rates ten years after founding. It may also suggest that the second half of the 1980s, when the number of business start-ups was high (Keeble, 1993), also produced conditions which were particularly conducive to the emergence of fast-growth firms. This period coincides with general economic growth, increasing personal incomes and a related consumption boom; these factors may also have encouraged retail start-ups and growth.

Although the majority of firms have been founded within the last ten years, it is important to recognise that a significant minority were founded much earlier. Approximately 20% of the FGRs were established before 1980, with 5% originating from before 1970, highlighting the fact that businesses can grow at a variety of different stages in their lives (Birch, 1987a).

Figure 3.1 Founding Dates of Fast Growth Retailers



3.3 Research Design

3.3.1 Qualitative Research Methods

While the previous section presented a broad quantitative picture of the nature of UK-based FGRs, the following section outlines the more in-depth line of enquiry on which the main study is based. The aim of this study is to reveal the retailers' role in changing the retail landscape; of particular interest are the relationships between different retail actors and the manner in which FGRs are embedded within their markets. A qualitative approach, which focuses on individual companies and the relationship between strategy, the strategist, founding circumstances and the nature of the retail format, is therefore required.

Information for this study was gained by means of corporate interviews, supplemented by additional material from published sources, notably the financial and trade press, and publications supplied by retailers which were identified by the database search and participated in interviews. Schoenberger (1991) highlights the applicability of the qualitative corporate interview to business research of the type used in this study, by suggesting:

> *"... the qualitative corporate interview has the merit of recognising that firms are institutional agents embedded in a complex network of internal and external relationships. They are populated by individuals faced with a myriad of constraints and possibilities that are difficult, if not impossible, to disentangle. The loss of statistical generalisability brings into greater relief the real world predicaments and strategies of those institutional agents."*
>
> (Schoenberger, 1991; p.181)

Schoenberger (1991) notes that studies of business change have tended to tackle the subject as if on the outside looking in. Companies are understood primarily through their organisational and spatial forms, rather than considering strategic behaviour as a way of understanding the spatial and organisational impacts of the firms. Qualitative research, based on interviews, presents an opportunity to reverse this scenario, by focusing on strategic behaviour and relationships influencing the decision-making process as well as the manner in which these impact on the firm's actions. This closely reflects the aim of this study to understand the way in which actions of the individual firms impact on the broader environment.

Qualitative corporate interviews can take a variety of forms. The most common is the semi-structured form, which was used as the basis for this study. This involves the drawing up of a list of topics, within which there is flexibility in the ordering of questions and scope for new topics to be explored in the course of the interview (Healey and Rawlinson, 1993; Cook and Crang, 1995). Healey and Rawlinson (1993) suggest that this approach is useful when exploring new, sensitive or emotive issues, or when businesses are highly variable in their characteristics or the nature of interviewees' experiences. The highly diverse and dynamic nature of FGRs would therefore appear to be an appropriate scenario for the use of semi-structured techniques.

Schoenberger (1991) identifies three principle positive aspects of the corporate interview in business research. First, as the information gained is the testimony of those involved in the decision-making process, interviewees are able to provide the rationales underlying strategic decisions. Second, the corporate interview acknowledges and allows exploration of the complex networks of relationships on which strategy is built. Third, the technique lends itself to inductive reasoning, and the building of theories and hypotheses of business behaviour. The corporate interview is, as a methodological approach, therefore able to give the interviewer an appreciation of the often *"conflicting and shifting strategic logic and historical contingencies which inform corporate strategy"* (Schoenberger, 1991; p.181).

However, the corporate interview does have a number of shortcomings. A key limitation concerns control of the interview, which is associated with the interviewer's positionality in relation to the interviewee. For example, while the semi-structured form encourages useful discussion, it may also present the interviewees with the possibility of asserting their own agenda on the meeting. This may mean crucial questions are avoided if the meeting is terminated within a pre-agreed time. Other problems may arise from language, meaning and misinterpretation. Schoenberger (1991) emphasises that all research is reliant upon the researcher's interpretation, and that this is particularly true of corporate interviews. It may be difficult to build in controls against *post facto* rationalisation, where the researcher unwittingly misinterprets an interviewee's testimony. Similarly, it is difficult to verify the version of events presented by interviewees, or establish the degree to which the whole story is being told; the inclusion of questions addressing related issues from a variety of angles may help resolve this.

These 'problems' reflect the fact that the interview is not a fixed and standardised event. However, the unstructured nature of an interview can act in a positive as well as a negative fashion. For example, ambiguities in the respondents' understanding of a question can serve to provide additional information or open up new lines of enquiry (Schoenberger, 1991). Indeed it is precisely such an event which the semi-structured format anticipates and exploits. Schoenberger (1991) therefore emphasises the merits of performing the interview as a dialogue, and not simply a question and answer session; although there is a need to guide the interview, the researcher should not impose a rigid agenda which may fail to appreciate the complexities of a business's operations. These issues are further explored in the following section in the context of the design of this study.

3.3.2 Study Design

The design of this study comprised a form of semi-structured interview, based on the construction of an outline interview schedule, featuring 33 main questions and a series of further secondary and prompt inquiries (see Appendix 2). The fluid nature of the interview situation meant interviewees were given the opportunity to talk around the interview topics at the time they were asked, rather than in the sequence of the interview schedule. Interviewees are thus encouraged to link aspects of strategy together in the way that the business does in operational terms. Where connections were made to other relevant issues, these were pursued at the point they were raised in conversation.

The interview schedule begins with questions relating to the company history and founding circumstances, which serves to introduce the evolution of the format and thus many of the relevant themes in the interview. Having tackled key themes of this study in the body of the interview schedule, it concludes with a series of more general questions relating to the future of the company's market, its innovative capabilities and successes. This provided a further opportunity to discuss issues of significance raised in the interview, or for the interviewee to highlight additional themes which were considered central to the firm's success. Before conducting the interview trade magazine and newspaper articles, together with company literature received in advance, were reviewed prior to the interviews to identify any company specific questions which could also be included reflecting the need to prepare for an interview highlighted by Schoenberger (1991).

The length of the interview is also an important consideration. Because of the potential difficulties in attracting participants, the interview was designed to last approximately one hour. In reality, the interview length varied greatly depending on the time the interviewee was prepared to spend, and the length and detail of their replies to questions. The interviews were tape-recorded, thus ensuring the meeting flowed as a conversation and was not affected by the taking of notes. In only one case did a subject request that the interview was not recorded, necessitating notes to be taken by hand. It has been suggested by Frey and Oishi (1995) that interviewees are more reticent when interviews are being recorded. Consequently once all topics on the interview schedule had been covered, recording stopped while the interview was drawn to a close, creating an opportunity for more candid closing comments, which could be noted after the meeting.

3.3.3 Analysis of the data

In focusing on FGRs, this project is exploring a diverse research topic which has, to date, remained relatively unresearched. Thus, while a qualitative research methodology has been selected to investigate the firms, grounded theory presents a complementary approach to the analysis of the collected data. While this study is rooted in retail geography, it is not informed by one discreet body of literature. Rather, it draws on ideas and theories from geographical, management and entrepreneurship studies. In analysing the data, the aim is therefore to explore empirical observations specific to FGRs in a manner which is informed by these broader literatures. The interaction between empirical evidence and the existing literature assumed by this approach fits well with the aims of a grounded theory approach as outlined by Glaser & Strauss (1967).

Following the completion of each research interview, tape recordings of the meetings were transcribed on to paper, including paraphrasing of the dialogue and direct quoting where appropriate. The transcripts were then subjected to a process of open-coding. For the purposes of this study, the researcher was interested in identifying comments which shed light on issues and themes raised in existing literatures and was consequently less concerned with the manner in which interviewees' responses were expressed; computer-based searches or content analysis examining features such as sentence structure or the use of particular words were therefore not used (Berg, 1989). The coding process took the form of identifying themes and both provided a way of rationalising the mass of collected data and also opened up potential lines of enquiry.

The themes identified in the first stage of coding broadly related to the topics outlined in the interview schedule, but also included the identification of potentially significant issues highlighted by interviewees. As transcribing occurred in tandem with the ongoing process of conducting interviews, these ideas enabled the research process to move forward informed by both theoretical and empirical observations. Berg (1989) notes that this process enables an interaction to take place between inductive and deductive reasoning ensuring that, while conclusions are grounded in actual observations, they are developed with an understanding of the existing literature.

The initial process of open coding, having enabled broad themes and topic areas to be identified, provided the basis for developing the broad structure of chapters four to seven. This was followed by a second stage of coding which sought to identify sub-categories and to relate these the broader themes (Strauss, 1987).

Having broken down each of the themes into their component parts, the relative significance of each sub-category was identified using a basic tally system across all the participating firms (see also Berg, 1989); however, the diversity of companies identified within the sample means that not all firms are relevant to each theme. Having identified the issues and themes to be tackled within the thesis, suitable illustrative quotes were identified from the transcript texts and comparisons between the significance of factors identified in this study and those made in the existing literature were further explored. This process of coding, issue identification and interaction between empirical data and the results of existing empirical and theoretical studies was then written up in the chapters 4-7 included within this thesis.

3.4 Performing Research

3.4.1 Sample Selection

FGRs identified from the DIALOG database were contacted to arrange interviews. Initially ten companies were approached in order to pilot the interview schedule, of which it was possible to arrange interviews with four firms. The initial experiences of making contact with sample businesses highlighted the difficulties involved, with a high proportion of those approached declining the invitation to participate. A further difficulty in arranging meetings concerned getting to speak with potential interviewees, many of whom were rarely in their offices and did not readily follow-up messages. The problem was compounded by the fact that subsequent follow-up phone calls were often with people unaware of previous communications.

Making contact with a company initially involved a process of establishing the head office address and name of a suitable contact person. Because issues of entrepreneurship, the founding and retail strategies are central to this study, contact was sought with the managing director of each business wherever possible. These individuals were often the founders and invariably had knowledge of the company's origins. The fact that this study does not relate to one specific area of operations, such as marketing or property, further emphasised the need to approach someone with a broad knowledge of the company's trading practices. It was also hoped that by making contact with someone at the top of the company, the request would filter down to another appropriate individual should the managing director be unavailable. When the founder or managing director agreed to be interviewed, they were invariably very helpful; however, it is possible that the low response rate reflects the fact that such individuals are, more generally, too busy to participate in research, and do not pass interview requests to colleagues.

The second stage in the contact process involved sending a letter to the named individual to request an interview. The letter indicated the expected duration of the interview and promised to respect company anonymity and confidentiality where requested (see Appendix 3). The letter also included some limited information about the nature of the study and made it clear that contact would be made with the company and that there was no onus on them to respond to the letter. The intention was to make the process as easy possible for the interviewees, so they felt nothing was expected of them other than making time available for the actual meeting.

Making initial contact via letter also has the advantage of avoiding cold-calling. This, it was hoped, would prepare interviewees for the follow-up phone call and facilitate the arrangement of an interview date. In reality the majority of companies had to be called on several occasions because the relevant people were either out of the office, ill or on holiday. In a number of instances copies of the letter and additional information also had to be faxed to the companies. In total 80 businesses were contacted, of which 30 agreed to participate in the research (see Appendix 1).

The initial contact letter also offered to conduct the interview either at the company's head office or a location of their choosing. Here again the intention was to ease the interviewee's burden. In fact the majority of interviews were carried out at the companies' main offices. However, the need for flexibility is paramount, and two interviews were carried out at local stores and another was held at Heathrow Airport, where the interviewee had just returned from a business trip.

Performing the research as face-to-face interviews, as opposed to telephone or written surveys, has advantages both in terms of the gathering information and arranging the interview. From the point-of-view of the practicalities of carrying out research, visiting the company on-site demonstrated to the interviewees a willingness to fit around their schedules. Interviewees also have the opportunity to see the research being carried out, and to have their own questions and worries about the process addressed. The interviewee is able to see first hand that the research is being carried out in a serious and professional manner.

In addition to reducing the interviewees' burden, arranging the meeting at the head office demonstrates that time and trouble has been taken to complete the research. Frey and Oishi (1995) note that conducting interviews in person also means that fewer limitations are put on the interviewer in terms of the length and type of question it is possible to ask; likewise scope is given for the use of visual aids. Being at the company's offices may also present opportunities for seeing how certain strategies are pursued in reality through warehouse visits or facilities such as shop mock-ups.

There are a wide range of reasons why companies declined to participate in the study. Informal discussions both with retailers who did participate and those who did not indicated that despite assurances in both written and verbal form, issues of confidentiality remain a barrier to entry for researchers. In particular, a number of respondents indicated that they would not be prepared to talk about figures, assuming that financial data would be of interest. Another relevant issue may have been a negative perception of the researcher as a student, as opposed to a professional researcher or academic.

There are other reasons relating to the nature of the study businesses which may explain why companies refused to participate. Retail businesses are very visible companies with higher public profiles which are of greater general interest than many relatively "faceless" firms in other sectors. Businesses may therefore be more sensitive to issues of confidentiality than comparable businesses in other sectors. Because these firms are fast growing many are also at critical stages of development, involved in extensive store opening programmes, management and operational changes. A significant number of the firms were, for example, in the process of moving their head office facilities. These activities involve key personnel at directorial level and mean they are unwilling to spend time on academic projects for which there are no tangible benefits. Reading of the trade press also subsequently revealed that some companies were involved in sensitive activities such as flotations, launching new store formats or going into receivership at the time that they were approached for an interview, which meant they were unable to participate in the research.

It should also be noted that the research time-scale does not necessarily match that of the retailers. The time-scale over which research is carried out and the nature of the retail seasons means that fieldwork periods may clash with busy trading periods, which vary between retailers. While for some it is summer, for others it is the Christmas period and at other holiday periods including Easter, Mother's Day and St. Valentine's Day. Outside these periods, directors are often involved in the store opening programmes or take their annual holidays.

3.4.2 Positionality and the Interview Situation

The dynamics of the interview situation raise a number of methodological issues, notably in relation to questions of positionality. Although the interviewees formed a heterogeneous group, which included variations in age, gender, class background and previous experiences, there were some similarities between respondents. Without exception interviewees were white and all but two were of British origin, the exceptions being American. Likewise, only three of the 30 interviewees were women. The interviewees could also be considered an elite group; all the participants are in positions of power in a high profile industry. In addition to which they are people who are used to being in control of considerable numbers of people, merchandise and money.

In considering questions of positionality, it is also important to acknowledge the positionality of the researcher. As such I am white, male, middle-class and in my mid-twenties. Although the initial letter sent to potential interviewees was on Department of Geography headed paper and drew no specific attention to my status, responses indicated that I was often assumed to be a student. Of the interviewees who queried the type of project and were informed of its nature as postgraduate work, none refused an interview.

The interviewees' varying perceptions of the researcher as a male student are potentially significant in terms of positionality. Schoenberger (1992) notes that although questions of gender are often regarded as important, the role of gender is also ambiguous; a similar parallel might also be drawn to the role of academic status:

"... gender makes a difference ... [but] I am not sure precisely what difference it makes, and I am not sure how I would know. I suspect, for example, that I have an easier time getting in the door than a male colleague might because, as a woman, I am less threatening, more intriguing, or presumed to be a better audience for the recounting of exploits. On the other hand once in, my male colleague probably does not have to deal with paternalism, flirting, or scepticism about his ability to grasp technical subjects."

(Schoenberger, 1992; p.217)

Although it may be suggested that academics could draw positively on the status and respect wielded by their institution, experiences in this study reveal that perceptions are in reality hard to predict. In some cases interview request rejections were accompanied by 'good luck with your project', a comment which perhaps indicates a belief that the researcher is involved in a taught course project, rather than research. By contrast, while some interviewees indicated that academic-interview requests are rejected as a matter of course, others agreed to co-operate precisely because they thought the researcher was a student; the recollection of personal experiences at University, or those of their children, acted in the researcher's favour in these cases. In several other instances interviewees said they were glad to help in the furthering of someone's education, and so adopted an altruistic or even paternalistic stance to the benefit of the project in contrast to Schoenberger's (1992) experiences.

The question of power and control in the interview situation is intrinsically linked to the format of the interview and questions of positionality (see Schoenberger, 1991; 1992; McDowell, 1992 for example). As already discussed, the interviews for this study follow Schoenberger (1991) in encouraging a conversational structure. Schoenberger (1991) warns that in corporate interviews the interviewer must maintain control, and that this can be difficult when faced with people themselves used to having control and asserting their authority. McDowell (1992) also emphasises this problem, but notes that it is almost inevitable; even the initial contact between researcher and interviewee places the former in a less powerful position as they are dependent upon the interviewees' co-operation, goodwill and time.

Two types of interviewee were encountered in researching this study: the 'entrepreneurs', including founders, and the 'managers', including those who joined the business post-start-up to grow it. The nature of the interview was different with each type of interviewee. The 'entrepreneurs', who had seen the business develop from their own ideas, tended to place more emphasis on the broad growth path and the chronological development of the business. By contrast 'managers' often revealed a more detailed interview style rooted in strategic themes, rather than the company history.

Control of the interview situation was contested most in 'manager' sessions, where the interviewee's tendency was to veer away from the chronological path which underpins the schedule designed for the interviews. McDowell (1992) compares the interview situation to a game where each player has a different set of rules, which proved an appropriate analogy for interviews with 'managers'. In these situations control was maintained by letting the interviewee talk through their areas of interest and concern; the themes discussed were invariably of relevance to the research schedule and were often linked to other important issues. The researcher then reverted to the interview schedule by picking up on points made by the interviewee and asking how they impact on other particular areas of concern.

There are merits to both styles of interviews. Whereas the 'entrepreneurs' were able to connect company strategy with personal motivations, the more clinical approach of some 'managers' served to dissect the specifics and economics of a trading style. However, in both cases it is apparent that interviewees exert their own censorship on the information they impart. This process is often not detectable during the interview, but is later revealed by newspaper articles reporting additional information which was not forthcoming at the time of the interview. Notable examples include flotations and associated reformatting plans, which may be considered commercially sensitive.

3.5 **Conclusions** Retail Change and the Research Process

This thesis aims to shed further light on the way in which the retail landscape is changing, and the forces which are shaping those changes. Chapter 1 examined contemporary retail change and identified three principal aspects to the evolution of the retail landscape: changing names; changing places; and changing experiences. Within these categories, the retail firm emerged as a central, although not always fully researched, element.

The review of retail geography literatures presented in Chapter 2 again emphasised the importance of the retail firm as a research subject. The retail firm is present as a research subject within both the economic- and consumption-driven retail geography literatures. However, to date retail geography has only attempted to understand the activities and impacts of retail firms through isolated single-firm case studies and the more comprehensive exploration of one particular retail form - the grocery supermarkets. Chapter 2 therefore highlights an opportunity to explore different types of retail firm in broadening our understanding of the development of the retail environment. Similarly, the retail firm's position at the point where the spheres of production and consumption meet highlights the potential for studies of retail firms which build upon both economic- and consumption-based retail geography literatures in moving the discipline forward.

Chapter 3, by contrast, notes that there is an pre-existing body of academic work outside the field of retail geography which also suggests that the firm is a critical area of research; a sub-set of this literature demonstrates the relevance of fast-growth firms as agents of change (Harrison and Taylor, 1996). The possibility is therefore raised that fast-growth firms are also important agents of change within the retail sector. This thesis aims to investigate whether fast-growth retail firms are indeed important elements effecting change, and examines the process by which this change is produced.

While the selection of broad themes for consideration within this thesis is a reflection of research opportunities presented by the development of retail geography studies, the particular issues identified are the result of broader considerations. As highlighted in section 3.3.3, the selection of issues has been informed both by the existing literatures (in this case: geography, entrepreneurship and management) and by interviewees themselves. The grounded theory approach to data analysis builds upon the qualitative methods used to gather the data, and promotes an interaction between issues raised in the literature and those raised through empirical observations. This approach is also particularly conducive to conducting the exploration in terms of retail strategy, reflecting the status of the majority of interviewees as key strategists within their firms.

Because strategy presents the vehicle by which this study is seeking to explore the role of FGRs within the retail environment, there is a need to understand the context in which relevant strategies are developed. Chapter 4 therefore examines this from two angles: that of the origins of the firm and of the entrepreneur's motivations, the latter responding to the importance, noted by Schoenberger (1994) and Jones (1991), of understanding the relationship between strategy and the strategist. Chapter 5 develops this line of enquiry by focusing on growth as a defining element of the sample companies; the extend to which growth is actively sought is explored and the manner in which this informs the companies' approach to trading considered.

In Chapters 6 and 7, the focus is shifted to the impacts FGRs have on the retail landscape. Key themes from the geographical literature relating to the national and local scales (Chapter 6) as well as the micro scale (Chapter 7) are discussed within the strategic context of the firms' fast-growth status. Chapters 6 and 7 therefore also examine the effects of FGRs in relation to the characteristics, highlighted in Chapter 1, which have defined the changing nature of the retail landscape. In Chapter 8, the themes raised throughout chapters 4-7 are drawn together and consideration is given to the extent to which FGRs are significant agents of change and worthy of further research.

4
THE FOUNDING CIRCUMSTANCES OF FAST GROWTH RETAILERS

4.1 Entrepreneurship and Fast Growth Retail Firms

In the previous chapters it has been argued that the study of fast-growth retail businesses (FGRs) is central to developing a more comprehensive picture of the forces shaping the contemporary retail and consumption environments. The principle theme of this chapter is that of entrepreneurship, which has been characterised by Drucker (1985) as a process, the entrepreneur is defined as someone who pursues an opportunity, acts with passion for a purpose, lives pro-actively, builds teams and enjoys the journey to create lasting value (Smilor, 1997). The process of entrepreneurship therefore requires the presence of three principle components: the motivation to become an entrepreneur; the identification of a suitable business opportunity; and the possession of the necessary skills and experience to successfully exploit that opportunity. In this chapter these themes are reviewed specifically in relation to fast-growth retail entrepreneurs and the businesses they create.

The first half of the chapter focuses on the individual entrepreneurs and their specific roles in creating a fast-growth business in the retail sector. Consideration is given to the variety of skills required to establish a fast-growth business, and the fact that teams rather than individuals are often required to bring together the necessary components for creating an FGR. In the second half of the chapter attention is turned to the firm as an entity. The importance of firm age and changes in ownership, management and sectoral focus in relation to the business's subsequent fast-growth success are identified and considered.

4.2 The Entrepreneur and Retail Entrepreneurship

4.1.2 Introduction

Although both corporate geography and retail geography studies highlight the role of the entrepreneur as central in the development of a business vision and its subsequent realisation (Schoenberger, 1994; Jones, 1991), there is a dearth of in-depth research which investigates the role of the retail entrepreneur. However, the literature concerning fast-growth firms does identify a number of key issues relating to entrepreneurs' experiences, the importance of founding teams, and different types of entrepreneurship and entrepreneur. This literature is used as the basis for considering fast-growth retail entrepreneurship and the extent to which it mirrors fast-growth entrepreneurship more generally.

A particular feature of academic enquiry has been to examine whether entrepreneurs are different from other types of business people. For example, Feeser and Dugan (1989) characterise the traits of entrepreneurs as relating to gathered experience and a psychological disposal towards entrepreneurship. Storey (1994a) identifies 15 factors which influence an entrepreneur's ability to grow a firm, eight of which concern skills and experience, the other seven concern family background, personal background and individual characteristics (e.g. education, age, gender) and motivational forces.

The existing literature places a particular emphasis on the role of particular business skills and experience in successfully establishing a fast-growth firm. However, these attributes need not be present in just one person. Rather the literature emphasises the importance of founding teams which posses the range of skills between the individual members (Barkham, 1992; Kinsella *et al*, 1993). Indeed, a disproportionate number of fast-growth firms are founded by teams rather than sole entrepreneurs (Storey, 1994; Barkham *et al*, 1996). Individual entrepreneurs posses different skills and may play different roles in the establishment of several fast-growth firms. Of particular interest to this study therefore are permutations of habitual entrepreneurs, including portfolio entrepreneurs (Scott and Rosa, 1996) and serial entrepreneurs (Wright *et al*, 1995).

4.2.2 Entrepreneurial Motivations and Experiences

Evidence from the entrepreneurs participating in this study suggests that the decision to become an entrepreneur is entwined with the specific decision to become a retail entrepreneur. This reflects the fact that, while FGRs relate to the broad range of entrepreneurial origins identified by Storey (1994a), experiences in the founding-entrepreneur's business and personal lives are important both in terms of the decision to become an entrepreneur and in terms of the retail format developed.

While Dunkelberg *et al* (1987) and Westhead and Birley (1993) do not find any relationship between the nature of motivational forces and growth, Barkham (1992), Kinsella *et al* (1993) and Johnson (1991) indicate that entrepreneurial ventures born of positive motivations tend to be those which achieve growth. Positive motivational factors include both the desire to make money and the belief that a market opportunity exists (Storey, 1994a). Conversely, negative forces, such as job dissatisfaction or the prospect of unemployment may also provide a catalyst for business start-up but such motivations rarely result in the creation of fast-growth businesses (Blanchflower and Oswald, 1990).

Negative motivational factors in particular are of minimal relevance to the sample FGRs. Certainly Alison Richards' redundancy from Habitat was a factor motivating her to start The Pier, but it was her previous employment experience that was the key factor. The knowledge and skills acquired at Habitat helped shape her decision to establish a firm in the same market sector (see section 4.2.4).

FGR entrepreneurs who have responded to positive motivational factors include Peter Harrison (Furniture Village), Dean Butler (Vision Express), John Beale (Past Times) and Allyson Svenson (Seattle Coffee Company); around one quarter of the sample firms could be included within this category. In each of these cases the entrepreneur identified a market opportunity through personal experience, which in turn provided the stimulus for starting the firm. For example, John Beale got the inspiration for the Early Learning Centre from his frustration at not being able to buy educational toys for his children, while the origins of Dave Whelan's JJB Sports chain are visible in his former incarnation as a professional footballer with Blackburn Rovers. Similarly, Allyson Svenson started Seattle Coffee having arrived in the UK to find that coffee houses, a central feature of her desired lifestyle, did not exist in the UK in the same way that they did in the USA:

"From the day that I arrived here [in London], I was looking for my Seattle coffee, my latte, but it was nowhere to be found at all. The idea of getting a custom made coffee, being able to choose the size, strength, extra shots of espresso, choose your milk, have it decaff, have it over ice, get flavouring, all the different permutations did not exist in this country. ... Once you're into it, it becomes a daily ritual, and to be living in a market where it doesn't exist is a real adjustment."

Allyson Svenson, Seattle Coffee Company. Research interview.

A distinction can be drawn between those entrepreneurs who find inspiration in their personal lives and those who identify a market opportunity through their business lives. Where business experiences provide the catalyst for an entrepreneur to establish a particular retail format, the firm will tend to be founded in the sector in which the entrepreneur worked. Thus Peter Harrison was able to identify the market opportunity which he subsequently exploited via Furniture Village, through his experience of selling furniture through department stores (see section 4.2.4). Similarly, prior to the establishment of Vision Express, Dean Butler had grown the

American LensCrafters business to be the world's largest optical retailer. Having identified stagnation in the US market, Butler sold the company and saw an opportunity to repeat the experience in the UK where the regional television advertising structure, emergence of malls and a recent change in legislation to allow opticians to advertise presented the market conditions which had previously led to success in the USA.

In each of the above cases the identification of a market opportunity provided the positive motivation, while the process of opportunity identification was itself rooted in the individual entrepreneurs' personal background and experiences. However, while format ideas may be inspired by a range of experiences, a more general range of non-sector specific business skills is often important in translating those ideas into a successful business reality. The literature on growth entrepreneurs emphasises a positive correlation between management experience and venture growth (Barkham, 1992; Barkham *et al.*, 1996; Macrae, 1991). Both M. Jones (1991) and Wynarczyk *et al* (1993) also observe a positive correlation between venture growth and the functional skills possessed by the entrepreneur.

Many entrepreneurs have backgrounds as management consultants, accountants, and corporate finance specialists, which, while not providing specific sector knowledge, relates to a high level of business and managerial awareness. Retail entrepreneurs with such a background account for around 20% of the sample firms and include Stephen Hartley (Dawn Til Dusk), Stuart Williams (Topps Tiles), and Terry Racionzer (Schuh), who were all trained as accountants. Similarly, the founding teams of the Seattle Coffee Company and Coffee Republic included people with experience in corporate finance, while in the cases of Aroma and Hammicks, the companies' venture capitalist owners appointed the respective entrepreneurs to run the firms because of the range of business skills the individuals had gained as management consultants (a quarter of the sample firms had venture capital backing at, or prior to, the time the interview was carried out).

4.2.3 Previous Business Experience

Storey (1994a) notes that prior experience in firms which share similar characteristics with an entrepreneur's new venture is particularly important in the founding of a fast-growth firm. Business experience can take the form of prior industry and sector experience, as well as experience of a particular firm size or of a fast-growth business. A number of conflicting human capital hypotheses are proposed in the literature: for example, entrepreneurs may benefit from working in a similar firm to the one they establish by being introduced to industry norms (M. Jones, 1991; Dunkelberg *et al*, 1987); conversely that same experience may blind the potential entrepreneur to novel and innovative ways of tackling problems (Storey, 1994b). Likewise, Reynolds (1993) finds that individuals with long experience of a particular sector are less likely to found fast-growth firms, while previous experience in a business is seen as of greater significance than prior self-employment.

Evidence from this study supports the argument that prior sector experience is positively related to the establishment of a fast-growth business. However, although one-third of interviewees established an FGR having previously worked in the same product market, the nature of the retail sector is such that prior sector experience need not be gained inside the core retail industry. Rather, retail entrepreneurs often gain experience within a particular product market at a different point along the value-chain. For example, approximately one quarter of the entrepreneurs participating in this study had previously been involved in the wholesale and distribution of the product around which they later founded an FGR.

The retail entrepreneurs included in this study also suggest that there is a direct link between the nature of prior business experience and the nature of the fast-growth firm. Intimate knowledge of a particular market gained in employment enables a would-be entrepreneur to identify gaps in that market or ways in which the existing opportunities could be better exploited. The evidence therefore supports the suggestion that there is positive entrepreneurial knowledge to be gained from understanding industry norms, even if these are not followed in practice. For example, Peter Harrison founder of out-of-town soft furnishings retailer Furniture Village had spent over 20 years working in department stores and furniture departments with a customer service orientation. This experience led Harrison to identify low levels of customer service in dedicated furniture retailers as providing a gap in the market for a retailer with a customer-service focus:

"I was a management trainee and just worked my way through department stores. ... When I first started at UDS I worked through the beds and furniture area, so I was familiar with the product ... I saw an opportunity in furniture because it is so badly serviced. Generally the service levels in this industry and the quality of retailing in furniture is abysmal ... I [also] felt that furniture retailing would move out-of-town in the way that DIY had and electrical had ..."

Peter Harrison, Furniture Village. Research interview.

The importance of market knowledge in achieving fast-growth success is also reflected in the experiences of some FGR entrepreneurs. For example, Mary and Douglas Perkins, trained ophthalmologists, founded an independent retail opticians in Bristol which they subsequently sold to Dollond & Aitchison prior to founding Specsavers. Similarly, although Dean Butler established Vision Express on a similar format to his previous LensCrafters venture, the original idea combined knowledge gained working for a friend's optical chain:

"I had a friend ... who inherited [five] opticians stores in Louisiana ... I have always had an interest in machine tools and how things are made, so I had asked him at one point how eye glass lenses are made, and he didn't really know because you get them from a wholesaler. But he took me by a wholesaler, a laboratory in Louisiana and said the chaps would show me around, and they did, and I was amazed at just how simple it was. And that was when I learned that there is virtually nothing that you can't make in thirty or thirty-five minutes."

Dean Butler, Vision Express. Research interview.

Alison Richards, founder of The Pier, had also previously acquired market experience which proved invaluable in shaping The Pier's trading strategies. Richards had worked as a buyer for both Boots' homewares department and Habitat. Her market knowledge was both an important element in the success of The Pier, and in the choice of sector in which she founded a business:

"...it was a sector I know a lot about, so that was a fairly easy decision to make from my point of view, it was within my comfort zone of experience, although many aspects of running a retail business were not within my comfort zone of experience at the time"

Alison Richards, The Pier. Research interview.

4.2.4 Founding Teams

FGRs echo Storey's (1994a) evidence from all fast-growth firms by emphasising the role of experience-based factors in their creation. However, they also reveal that their entrepreneurial origins are not a product of one particular factor, but rather a combination. Thus, in the case of The Pier, Richard's prior sector experience and knowledge, the proven nature of the market and the format, together with her redundancy from Habitat provided the impetus to take the step into entrepreneurship. Similarly David Whelan's success with JJB, while reflecting his previous career as a footballer, also built on retail experience gained with his first foray in retailing with Whelan's Discount Stores. Likewise, the success of Vision Express is in part a product of both Dean Butler's ability to identify a business opportunity, as well as business experience gained through his previous LensCrafters venture.

The complexity of entrepreneurial motivations reflects the fact that successful entrepreneurship requires the presence of a variety of skills. However, the range of skills required to establish a fast-growth business need not simply be present in a sole founder, but may instead be split between members of a founding team (Barkham, 1992; Barkham *et al.*, 1996; Kinsella *et al*, 1993). Reynolds (1993) finds that around two-fifths of successful businesses are founded by three or more people; evidence from this study reveals a similar pattern. Of the 30 FGRs in this study, approximately one-third were established by teams of more than one person. While Storey (1994a) suggests that firms with more than one founder are those which are most likely to grow, such firms only constitute a significant minority of FGRs. In the majority of cases FGRs' founding teams comprise two people.

Where FGRs have been established by teams, which occurred in one-third of the sample cases, individual team members often posses different skills and perform quite separate roles. For example, both Seattle Coffee and Coffee Republic were founded by couples which included one person who had identified the market opportunity and focused on the retail experience, while the other developed the business model to realise the idea. Thus, although Allyson Svenson's vision defines the Seattle Coffee Company, she acknowledges the role of her co-founder and husband whose experience in corporate finance underpins the economics of the business:

"I'd never worked in a retail business before, never worked in a coffee company before, so there was a lot of learning to do. My husband's background is one of corporate finance, so he spent his weekends and evenings ... beginning to do the ground work for building the business, for financing the business, [and creating]the financial models."

Allyson Svenson, Seattle Coffee Company. Research interview.

Similarly, part of Peter Harrison's success as the founder of Furniture Village is that he identified the range of skills required to establish the business, and realised that he could not meet all the business's requirements himself. Harrison therefore sought out someone to become his co-founder to provide a specific set of skills as a buyer, which Harrison believed he did not posses:

"I left Allders after 20 years to go to a company called Gillows ... in order to meet my partner David Imry. That's all I wanted to do, get an expert on furniture, because I am not - I am a simple businessman ... So I went to Gillows to meet David, I was there for about 15 months, I knew exactly what I was doing, which was planning Furniture Village, and I left in May 1989, and we opened our first Furniture Village store in August 1989"

Peter Harrison, Furniture Village. Research interview.

4.2.6 Serial Entrepreneurship

The origins of FGRs demonstrate that some entrepreneurs are growth-orientated, while others may be motivated by a particular market opportunity. Those entrepreneurs who are interested in the growth of the business are of particular relevance to FGRs. As a company grows and becomes established the challenges change (see Chapter 5); for a growth-orientated entrepreneur the company may therefore become less interesting. For example, having grown LensCrafters, founder Dean Butler looked around for an opportunity to start again. Having repeated the success of LensCrafters with Vision Express, he again sold the business but retained ownership of the company's fledgling Russian operation, which he again intends to grow. Entrepreneurs such as Butler have therefore become serial entrepreneurs.

Serial retail entrepreneurs are potentially important because they are responsible for several firms which are instrumental in changing the nature of retailing and consumption and because they are, as a consequence of this process, important points of linkage in the networks of retail relationships through which the broader consumption environment is forged. Approximately one quarter of the sample firms had been established or grown by serial entrepreneurs. The successful creation of two or more formats involves the generation and adaptation of a range of ideas, which are then propagated across the retail landscape to impact upon consumers' experiences.

Failure to achieve growth in one venture does not necessarily preclude fast growth success in another. For example, Majestic Wine was originally established in 1981 by Giles Clarke and Esme Johnson. In 1987 the founders were given the opportunity to buy the US Liquor Barn chain from the US Safeway group. Clarke and Johnson purchased the firm and, while maintaining an interest in Majestic, moved to California. However, Liquor Barn failed after nine months and, on returning to the UK, helped cause the Majestic directors to fall out. A decision was made to sell Majestic, which was bought by Wharfside Wine. That company was also unable to expand Majestic further and sold the business to Wizard Wine in 1991. While Majestic subsequently went on to achieve fast growth under Wizard, led by Bejam founder and entrepreneur Tim How, founding entrepreneur Giles Clarke went on to establish Pet City, which has also enjoyed success as a fast-growth firm.

Serial entrepreneurship does not necessarily imply that the entrepreneur uses the same set of skills in each firm. Instead entrepreneurs may gather skills or experience from one venture which they are able to apply in new ways to a subsequent opportunity. Thus, while Giles Clarke did not achieve fast growth with Majestic Wine, he did create an FGR in the shape of Pet City. Similarly Dave Whelan achieved fast growth with JJB Sports, having first established Whelan's Discount Stores as a more modest regional grocery chain.

The examples of FGR serial entrepreneurship also demonstrate that prior sector experience is not a prerequisite to achieving success in several firms. Dave Whelan moved from food to sportswear and Giles Clarke moved from wine to pet food. Likewise, John Beale founded the Early Learning Centre before establishing Past Times as a gift retailer.

A distinction can be drawn between the "founding entrepreneurs", who generate the vision on which the firm is based, and "growth entrepreneurs", who are able to realise the fast-growth business potential of the idea; both groups occur in equal number in the population of sample firms. Willard *et al* (1990) raise a related issue, also questioning whether some founding entrepreneurs in fact posses the skills to grow their firms; they pose the question: "in order to grow, must the founder go?". This work follows Buchele (1967), who suggests that a leadership crisis will follow a delegation crisis and result in the replacement of the founder with an executive board. As a firm grows the management are faced with a variety of new circumstances, which require a different set of skills from those involved in the founding of the business (Drucker, 1985).

Although there is contradictory evidence, a number of studies do add credence to the notion that business founding and growth require different skills by finding that the founder does often leave the business before fast growth commences (Cooper and Bruno, 1977; Doutriaux, 1984; Feeser and Dugan, 1989). However, while Willard *et al* (1990) found no significant difference in performance between fast-growth firms with and without their founders in control, some authors suggest the departure of the founder is at best unnecessary and at worst causes internal turmoil, disruption and the removal of a company's focal point (Goulder, 1954; Carroll, 1984).

Evidence from the retailers participating in this study indicates that in approximately one-third of cases the founders had left the business before it had achieved fast growth. This reflects the entrepreneurs' personal ambitions to move on, changes in ownership, or, in certain cases, the restructuring of management by external owners. For example, Geoff Walton founded the Foothold sports goods and clothing firm in 1981, which he took the opportunity to sell in 1989 to Owen and Robinson; Walton remained as managing director until 1991 when he decided to leave in the belief that insufficient finance was being provided to support his ideas for the company's growth. Clive Klinger then took over control of Foothold and has led a rebranding and expansion of the company, including the acquisition of another small sports chain ProPerformance, and the business's growth.

4.2.7 Sequential Entrepreneurship

The presence of FGRs which owe their success to founding teams reinforces the fact that achieving fast-growth requires a variety of skills, all of which an individual entrepreneur does not necessarily posses. The examples cited in the previous section also highlight a distinction between the ability to create the idea for a retail format and the skill to transfer that idea into a business reality. This distinction is also raised by a important minority of firms (around 15%) which have experienced a process of 'sequential entrepreneurship'.

Under a 'sequential entrepreneurship' model, different entrepreneurs bring particular skills to the business, but at different points in a firm's development. Rejuvenated companies are the most clear example of this process. While the founder provided the vision and basic format on which the company has been established, later entrepreneurs have provided the necessary business acumen to achieve fast growth in the contemporary environment. This process is also in evidence in much younger companies. For example, Games Workshop was founded by two entrepreneurs whose interest was in the hobby they were creating; the company's real growth followed their departure and the arrival of Tom Kirby, a more business-orientated entrepreneur. Schuh provides a similar example. Having been founded by one person, fast growth was only later achieved after a second entrepreneur, Terry Racionzer, who had previously trained as an accountant, joined the business.

4.2.8 Summary

The entrepreneurial background of FGRs demonstrates that retail entrepreneurs take inspiration from both their personal and business lives in establishing their businesses. The sample firms also emphasise that a range of skills are required to develop a successful FGR including both format-creation and businesses-realisation skills. FGRs confirm existing studies (Barkham, 1992; Reynolds, 1993) which suggest that the skills required to found a successful business are often divided between members of a founding team, rather than being present in a single entrepreneur. However, FGRs also highlight that those skills need not be present simultaneously, but may appear with different entrepreneurs over time.

4.3 The Fast Growth Retail Firm

4.3.1 Introduction: The Nature of Fast-Growth Firms

The second component of the entrepreneurial process relates to the firm itself. While the previous sections have highlighted the role of entrepreneurs in creating FGRs, the following sections focus attention on the nature of the companies they create. The central questions considered in this section concern the extent to which FGRs differ from other companies. The literature indicates that firms which achieve rapid growth share a range of characteristics, including age (Dunne and Hughes, 1992; Hakim, 1989), ownership change (Storey, 1994; Feeser and Dugan, 1989) and sector (Storey, 1994a). The following sections therefore address these issues with respect to FGRs, and consider the extent to which FGRs reflect the characteristics of all fast-growth firms.

4.3.2 Firm Age and Rejuvenation

As was suggested in Chapter 3, FGRs, like all fast-growth firms, are typically around ten years old (Storey, 1996; Dunne and Hughes, 1992; Hakim, 1989; M. Jones, 1991). Storey (1994a) attributes the youth of the firms to a need for fast-growth early in a firm's life in order to achieve efficiency savings and economies of scale to ensure longer-term survival. FGRs provide some evidence to support this idea, which is discussed further in Chapter 5.

Although the majority of fast-growth firms, including FGRs, achieve rapid growth at a young age, Storey (1994b) and Birch (1997a) note that it can also be achieved by much older business. Table 3.1 (see Chapter 3) reveals that a minority (15%) of FGRs have also achieved growth as older firms. In these cases rejuvenation has occurred following a change in the firm's circumstances; FGRs have experienced rejuvenation following management and ownership changes as well as shifts in legislation which have, for example, produced new market opportunities.

The arrival of a new management team with new ideas typically provides the catalyst for rejuvenation of an older established firm. While the replacement of an existing management team may also be associated with a change in ownership, this need not be the case. For example, Hammicks has latterly been owned by private equity providers Phildrew Ventures. As a significant investor looking for a good return on its money, Phildrew has played an active role in appointing Hammick's management team. Thus, in 1994, following the pre-existing management team's failure to meet Phildrew's expectations, a new team was appointed under Trevor Ghoul-Wheeker. Similarly, Aroma, which was previously owned by private equity provider Apax Partners, followed a similar path:

"The next phase of the business was that I became involved because I am a management consultant. I'm a mister odd-job fix-it, I do work-outs and turn-arounds, and I'd done a lot of work for Apax... [I] was effectively going to turn the business around as quickly as I could, just to plug the gaps and sell it, ...[but] it was decided in fact that Apax would follow their investment, which is quite unusual when they had gone down the road of practically selling it"

Finlay Scott, Aroma. Research interview.

Thorntons' ownership structure presented a variation on this situation. The company experienced its boom years in the 1980s, but saw declining shop visits and sales in the 1990s. The owners, which still include members of the Thornton family, therefore initiated an internal audit of the company and its relationships with suppliers. This was followed by a wide-ranging restructuring of the company in 1994, which was implemented under new management. The restructuring included rebranding and reformatting the shops and a shift from being driven by the production side of the business to an emphasis on the retail side. The restructured company has since gone on to experience a phase of rejuvenated growth.

The rejuvenation of Dollond and Aitchison is different from that of Thorntons and illustrates a response to changing external market factors. Until the early 1980s opticians were unable to advertise in the UK. The repeal of similar laws a few years previously in the USA had enabled the expansion of Dean Butler's LensCrafters, which had formulated a growth strategy based around heavy television advertising. The change in the UK law has enabled UK opticians to develop retail brands through advertising and targeted promotion for the first time. This therefore also enabled the entry into the UK of firms such as Vision Express, which Dean Butler established on the same lines as LensCrafters. UK opticians were thus presented both with a market opportunity and the threat of competition from a tried-and-tested format in the shape of Vision Express. Dollond and Aitchison (which can trace its history back to 1750) therefore initiated a branding exercise which led to an evolution of the company from a provider of optical care to a retail optician, governed as much by retail concerns as medical ones. This shift has also been reflected in the company's board, which has gained directors with retail, rather than medical, backgrounds over recent years.

Older businesses are therefore able to undergo periods of fast growth long after start-up, but must transform themselves to do so. While growth requires internal change, the catalyst for that change may come from either an awareness of internal weaknesses or the identification of new external market opportunities, including those presented by regulatory change. In both cases the internal changes necessary before growth can be achieved often involve the injection of new management, with accompanying new ideas. However, restructuring of this nature may present its own specific problems. For example, the increased focus on the brand and retail proposition pursued by Dollond and Aitchison necessitated a broad reevaluation of its overall strategy. In particular, the firm's ageing store portfolio did not occupy locations which it was thought would work within the context of the new retail brand (see Chapter 6 for discussion of related issues), thus necessitating the relocation of many stores.

While rejuvenated firms often experience a form of second birth, these firms are still clearly established businesses. However, over a quarter of younger FGRs display convoluted founding circumstances which suggest that while the 'company' may only be young, the 'business' is much older[1]. This includes firms where the FGR has emerged from within another venture, or where the entrepreneur has pursued the same vision through several firms. The suggestion that an entrepreneur's 'business' is important to the subsequent success of an FGR is echoed by Cardozo *et al* (1992), who note that, in the case of acquired businesses, established networks of relationships exist as well as market acceptance and knowledge.

[1]A distinction is being drawn here between the 'company' as the formal entity, and the 'business' as the combination of people and ideas on which the 'company' is based.

A connection can also be drawn between prior experience of a 'business' and portfolio entrepreneurs, a form of habitual entrepreneurship which involves achieving business growth through building a group of companies (Storey, 1994a; Scott and Rosa, 1996). Rosa and Scott (1996) also explore the link between the building of a group portfolio with family businesses, where each individual company is managed by a different family member. While a number of FGR entrepreneurs have founded firms in the same sector that their parents had also established a business, the example of Pets At Home most clearly builds on and extends the idea of portfolio entrepreneurship. Founded by Anthony Preston as a subsidiary of R&B Pet Supplies, the family-owned pet supplies wholesale business, Pets At Home was seen as an experiment in larger format pet supplies shops. However, a potential conflict of interest between the retail business and independent pet supply retailers, who form the wholesale business's customer base, led to the demerger of the two parts of the company. While both firms still exist, and are connected by Preston family ownership, they are operated as separate entities; the retail 'off-spring' is now also a larger firm than the parent business.

R&B Pet Supplies was itself a product of a similar process, having been acquired by the Preston's original firm, a wholesale hardware company. R&B proceeded to outgrow the parent and was also subsequently demerged. The Preston family have thus achieved growth by developing each business separately, rather than under the more tightly entwined portfolio model. However, like the portfolio model, each firm is first developed under the control of the parent company then, once it has proved its ability to stand alone, it is demerged. In this way each part of the overall group of family firms is able to grow by developing company-specific growth strategies without fear of alienating each firms' customer base.

Those businesses which emerge or evolve from other ventures also demonstrate that the growth of the business as a retailer does not necessarily begin at start-up. For example, although Vision Express and Carpetright are both new companies founded within the past ten years, they develop the business ideas which the founders have been pursuing for much longer: Vision Express in the form of the founder's previous US venture, and Carpetright in the form of Lord Harris's same sector Harris Queensway group, which he had previously grown. A similar point can be made concerning retailers which use previous experience from related, but non-retail, ventures. For example, while Pets At Home is now a separate retail business, it emerged and evolved from a wholesale company which had been the founder's family firm for much longer. The Pets At Home business, and sector experience of its founders, therefore stretches back much further than the founding date of the company might suggest. Likewise, both Birthdays and Matalan's retail operations evolved from previous wholesaling ventures in the same product markets, again highlighting the intertwined nature of the entrepreneur and the entrepreneurial firm. The issue of indeterminate start-up dates and 'messy' founding circumstances is therefore again raised by those companies which have endured ownership or management changes relating to changes in the principle activities of the company.

4.3.3 'False Starts'

Although ownership is often not a variable included in comparisons of growth firms (Storey, 1994a), the examples discussed in the previous section highlight the importance of both ownership change and the relationship between business ownership and management. Similarly, the Cambridge Small Business Research Centre (1992) highlights the role of merger and acquisition as a growth strategy. By contrast, Feeser and Dugan (1989) note that the opposite - demerger - can result in the emergence of fast-growth firms; the example of Pets At Home, described earlier, echoes this notion.

Changes in a business's ownership or management structure, as discussed in the previous section, has also been shown to be a significant factor motivating growth in certain cases. However, such changes are not only found in older firms undergoing rejuvenation, but may also occur in a younger venture's life. The start-up phase is crucial for a business, as reflected by the fact that most firm failures occur within three years of start-up (Daly, 1987). A particular problem may include attracting adequate financing at this stage, which may throw the future of the retail operation into doubt. However, if the firm can recover it may undergo a 'second birth' akin to the rejuvenation experienced by older firms, allowing fast growth to take place.

Thus, Alison Richards founded The Pier in 1988 with funding from, and as a subsidiary of, French company Pier Import. The French business itself, although independent at the start-up of the UK operation, had originally been part of the US company which pioneered the format, Pier One Imports. The French firm was then the subject of a leveraged buy-in before suffering two consecutive years of poor trading resulting in the withdrawal of the French investors. The company sought to restructure and re-establish itself, which involved the selling the UK arm in 1992. Richards was able to raise enough money to buy out the UK business, but the company quickly required refinancing, at which stage the American parent firm stepped in and took an equity stake.

The Pier's ownership history is perhaps particularly convoluted because of the trans-Atlantic chains of ownership between the US, French and UK operations. However, changes in ownership and the potentially terminal consequences for retailers are not isolated examples. Fashion footwear retailer Schuh has experienced similar changes. The company initially started in 1981, but the founders consider the current company to have come into existence in 1990:

"The business was started in Edinburgh by my colleague, partner or joint M.D., and he traded independently for a number of years, with relatively little capital. As he expanded of course pressure became greater on that capital, and he was taken over by a public company in or around 1986, which he hoped would provide him with a vehicle for the expansion of resources. That happened to a certain extent, but the public company itself got into difficulty in its main stream business and actually went into receivership in 1990, which is when he and I got together and bought the business from the receiver of the public company."

Terry Racionzer, Schuh. Research interview.

The development of Schuh echoes that of Foothold, discussed earlier, in that both companies were acquired by larger organisations, but only subsequently achieved fast growth following the arrival of a new entrepreneur and the commitment of extra financial resources. These companies also highlight a process of 'false-starts' endured by many businesses which subsequently achieve fast-growth success. Like serial entrepreneurs who make a transition from being a founding entrepreneur to being a growth entrepreneur between ventures, some firms make the transition to fast growth status over the course of a number of entrepreneurial teams; in this process ownership and management are equal partners which must simultaneously provide circumstances conducive to growth.

4.3.4 'New Directions'

Chapter 3 has already addressed the principal issue of the number and type of fast-growth firms which exist in the retail sector in comparison with the economy as a whole. However, while studies of growth firms focus on the sector in which a particular firm achieves success, it should be noted that around one-fifth retailers achieve their fast-growth success in a different market sector, or under a different retail format, from that in which they were founded. For example, out-of-town discount fashion and homewares retailer, Matalan, started life as a cash and carry operation. The evolution of the format occurred following a fact finding trip to the USA, where founder John Hargreaves was inspired by the discount club retailers and formats such as retail giant Wal-Mart.

Hobby retailer Games Workshop started life as an importer of fantasy games from the USA, inspired by ideas from a convention attended by the founders in the USA. Following the opening of a number of shops the company started producing its own games, and developing the format as an entire hobby in its own right. Similarly, historical gift retailer Past Times, despite opening one store at start-up achieved the majority of its early growth through a mail order operation. The company was founded in 1986, but did not open its second until 1989. This has also provided a model for the firm's overseas expansion. While at the current time shops are restricted to the UK, mail-order operations have been established in the USA, Japan, France and Germany. These markets thus provide important opportunities for retail expansion in the future.

Another important group of FGRs has evolved from wholesale operations. These include Birthdays and Pets At Home, where a wholesale business was also the entrepreneur's previous employment and the family business respectively. In both cases knowledge of the market-place afforded to the founders by the wholesale operations meant they were able to see the market opportunities available. Both the cards and pets accessories markets are dominated by small independent stores, which the wholesale business supplied. This highlighted a potential for a larger-scale operation to take considerable market share in the highly fragmented markets.

There are also examples of retail businesses emerging from non-retail related ventures. For example, out-of-town furniture retailer Essex Furniture, started as a furniture manufacturing business. The company had found it increasingly difficult to find reliable retail outlets for its products. This therefore led the company to experiment with its own retail operation, which then subsequently grew substantially and has become the dominant part of the business (Buckley, 1992).

4.3.5 Summary

The sample companies demonstrate that many retail businesses which enjoy fast-growth success have previously endured messy start-ups. Some companies radically change direction after founding, while others emerge from within different organisations or pursue a set of ideals which have been tried and tested by the key entrepreneur in a previous venture. FGRs demonstrate, as was also reflected in the examples of serial entrepreneurship discussed in section 4.2, that the ideas and entrepreneurs' business experiences which are central to the success of an FGR are often brought together through a process of trial and error and are not fully formed at start-up. Additionally, the examples cited in this section serve to draw a clear distinction between a business, as a set of ideas and skills, and a company, as an economic entity.

4.4 Conclusion: Founding Circumstances and FGRs

Although the entrepreneur and the entrepreneurial origins of fast-growth firms are the focus of a growing body of academic research, contradictory research findings mean that few generalisations can be made about the relative significance of different growth factors. While it could be suggested that this in part reflects the multi-sector nature of many such studies and methodological variations, such as sample sizes, the single-sector research discussed in this chapter produces similar results. Thus, the ambiguity surrounding growth is not just a reflection of the lack of sector focus in previous studies.

This chapter places considerable emphasis on the convoluted nature of FGRs' founding circumstances. Although each firm has a nominal founding date, this rarely constitutes an accurate reflection of the moment at which the FGR started to form.

For example, some FGRs have emerged from within other businesses, notably wholesalers, which have acted as incubators (Feeser and Willard, 1988), while in other cases the key entrepreneur has already tried and tested the ideas, vision or business in another company. This therefore reflects the distinction drawn in this chapter between the 'company' and the 'business' and raises the question of how a 'new' firm is defined.

Rejuvenated businesses also echo the same ideas surrounding the convoluted nature of founding dates. Unlike younger FGRs where the 'business' may, in reality, pre-date the 'company', rejuvenated FGRs are 'younger' than the founding dates suggest. The replacement of the key entrepreneur with another often acts as the catalyst for a firm's rebirth, which is therefore a significant date in terms of subsequent fast-growth success. Evidence from the rejuvenated firms included in this study suggests that rebirth dates are similar to the founding dates of younger FGRs. Future research developing an in-depth examination of this theme could therefore suggest that both young and rejuvenated FGRs indicate that fast growth occurs five to ten years after founding or rebirth respectively.

In the company-versus-business and rejuvenation scenarios presented above, emphasis is placed on experience gathered prior to the founding or rebirth date. This echoes Cardozo *et al* (1992) who highlight the importance of pre-existing networks of contacts and knowledge in the subsequent success of a venture. The importance of prior entrepreneurial experience also emphasises the role of the entrepreneur, and in particular the serial entrepreneur, which is also reflected in this study. In a significant number of cases, retail entrepreneurs have been responsible for the creation of several firms. The success of such individuals highlights the importance of gathered experience and the role of the entrepreneur in negotiating relationships between the networks of contacts and influences. However, in creating several retail formats, and especially in those cases where one entrepreneur has been involved in the formation of several FGRs, serial retail entrepreneurs are an important agent of change within the retail landscape in their own right.

However, it is apparent from a number of the examples used in this chapter that fast-growth success requires both the vision to create a good idea and the business skills to realise that idea. Whilst some founding entrepreneurs are able to fulfil both criteria, in other cases managerial teams are required or assembled, or different entrepreneurs bring different abilities to the company at a variety of stages in its development. It may therefore be useful to make a distinction between "founding entrepreneurs", "growth entrepreneurs", and the "manager-entrepreneurs" who are brought in by external owners to develop a business.

The origins of FGRs are often diverse and convoluted, reflecting evidence from fast growth firms more generally (Storey, 1994a). However, FGRs do emphasise the need for both entrepreneurial ideas and skills to achieve success, but suggest that these key components may come together in a variety of ways and at different points in time. The role of the retail entrepreneur, separate from the retail firm, is also shown to be of importance. In particular, retail entrepreneurs are able to co-ordinate ideas from a range of different sources, including prior business experiences, lifestyles, and knowledge of other markets, and adapt those ideas to new ventures. In this way they are responsible for the evolution of the retail landscape through a process of innovation and emulation. Serial entrepreneurs are of particular importance because they have been able to identify and successfully exploit several ideas, and have thus made an important contribution to the nature of the retail landscape. In the following chapter the manner in which growth is achieved, and the reasons for pursuing that growth are investigated further.

5
SEEKING RETAIL FAST GROWTH

5.1 Introduction: Strategies For Growth

While Chapter 4 considered the skills, experiences and types of entrepreneur involved in creating fast-growth retail firms (FGRs), this chapter examines how and why growth occurs. Although traditional life-cycle models tend to include a growth stage as part of a firm's natural development (Churchill and Lewis, 1983), more recent studies suggest that growth is not a foregone conclusion (Reynolds, 1993). Contemporary studies, including those of Venkataraman and MacMillan (1997) and Hanks and Chandler (1995), suggest that growth can occur in a variety of ways and for a variety of reasons, and that the process involves important internal changes to the growing company. This chapter therefore aims to explore the nature of fast growth in a retail context. FGRs' motivations for growth are identified, and the ways in which growth is planned for and operationalised as strategy are examined. Consideration is therefore given to the manner in which FGRs grow, the internal changes made to a company to achieve growth, and the way in which companies develop a market positioning to maintain growth.

5.2 Instigating Growth

5.2.1 The Motivation for Growth

Business and entrepreneurship studies tend to characterise growth as a natural stage in the development of a business. This is most clearly illustrated in life-cycle models which incorporate a growth stage (Churchill and Lewis, 1983; Miller and

Friesen, 1984; Eggers *et al*, 1994). While the applicability of such models is questioned in the literature (Ardishivilli *et al* , 1998; Covin and Slevin, 1997), the models maintain relevance by serving to question both whether all firms desire growth and at what stage growth is planned, if at all.

A number of studies (e.g. Curran, 1986; Hakim, 1989) report that many small firms, perhaps over half, have no desire to grow. Hakim (1989) suggests that only 15% of independent small firms actively seek substantial levels of growth, while Cambridge Business Research Centre (1992) estimates the figure to be 22%. However, the Cambridge study does indicate that around 64% of firms seek moderate growth. Despite these aspirations, Storey (1994a) notes that far fewer actually achieve growth. The disparity between firms desiring and achieving growth is partly explained by Storey (1994a) as being a result of some firms' desire not to admit to aspiring to growth and also the fact that growth means different things to different people. Storey (1994a) suggests that firms often see growth as increasing the risks and likelihood of business failure, although in reality growth and survival have been found to be positively correlated (Reynolds, 1993).

A particular focus of entrepreneurship studies has been on developing theories to explain the growth patterns of individual firms. Cardozo *et al* (1993) identify two sets of theories: factor studies, which concentrate on entrepreneurial characteristics, the decision making process, founding circumstances, and barriers to growth (Ardishivilli *et al*, 1998), and process studies, which are based on stage models and adapt biological metaphors to explain firm growth.

By contrast Camp and Sexton (1992) eschew the process-factor dichotomy and divide the literature into three sets of growth theories suggesting: first that different competitive strategies are appropriate at different stages of the product life cycle; second that firms develop specific competencies which match the key success factors required to serve their marketplace (Curtiss, 1983); and third that a deliberate and explicit decision to seek growth is required to achieve it (Levy, 1986). Ardishivilli *et al* (1998) also suggest that neither factor nor process approaches provide satisfactory explanations of firm growth. They argue that while factor studies lack a predictive element, do not address issues of internal change, and provide inconclusive evidence with the interaction between factors left unexplained, process studies similarly map changes, providing a snap-shot which fails to either explain why growth occurs or predict its occurrence.

Theories of growth which characterise the growth process as formulaic, such as life cycle models, have received particular criticism. Sexton and Bowman-Upton (1991) note that, in reality, whilst some firms may not grow or want to grow, others may grow so rapidly they omit some stages; alternatively growth may follow periods of stagnation. Covin and Slevin (1997) build on this idea, and suggest that growth firms rapidly become characterised by complexity[1] and suggest that successful growth firms are able to develop structures and systems which preserve the integrity of the organisational system in the face of this complexity.

Although it has been suggested that a desire for growth is important in the realisation of that growth, Robinson and Pearce (1983) note that few firms in reality make strategic planning a central part of their operations. In particular, owners and managers of small firms are likely to have limited knowledge of, and scarce resources for, the planning process. The key issues addressed by this section therefore include whether FGRs do want to achieve growth, and if so at what stage the desire for growth is identified.

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[1] Complexity: *"can be defined as a number of different heterogeneous elements in the system. Complexity increases when the umber of elements increases, the differences between those elements increase, the interdependencies between those elements increase, and the uncertainty of those elements increases"*

Covin and Slevin (1997); p.103

Approximately two-thirds of FGRs included in this study claim to have actively desired or planned growth from start-up. This confirms evidence in the literature more generally, which emphases a correlation between a positive disposition towards growth and the achievement of that goal (Storey, 1994a). However, it should be noted that a significant minority of FGRs achieved growth despite the fact it was not a particular aim. Those FGRs which did not pursue growth from start-up can be divided into two groups including firms which did not initially want growth but have grown anyway, and firms which have undergone a transition before identifying a need or desire for growth.

Where growth has not been a key objective, retail entrepreneurs tend to see it as a bi-product of developing a successful company. For example, Stuart Williams (Topps Tiles) evokes a life-cycle analogy and associates it with a process of trial and error:

"Well you go through different stages don't you. You go through the stage of survival, then go to the stage where this format that you've got works and is appealing, and then you think perhaps it could be replicated, then you get to the stage where you think well, do the owners of the business want to do that and make it a much bigger business, and if they do, then you can move on."

Stuart Williams, Topps Tiles. Research interview.

Paul Rosenblatt of Uno echoes the idea of achieving growth through a process of trial and error, but also suggests that growth can only be planned once the retail format has been successfully tested and focused.

The need to experience a degree of market success before instigating a major growth plan is further highlighted by JJB Sports, Seattle Coffee Company, Vision Express and Specsavers. These firms had anticipated and planned some growth, but found their expectations exceeded in reality. While this may reflect false modesty on the part of the entrepreneurs, it also suggests that building market knowledge through a process of trial and error is beneficial in terms of subsequently achieving fast growth:

"you never want to get too cocky when you are building a business, ... [but] the groundwork and the basics of the business ... would sustain a rapid growth ...... [Market growth] needed to happen, but there was no guarantee that we would be at the forefront of that."

Allyson Svenson, Seattle Coffee Company. Research interview.

The second group includes those firms which developed growth aspirations following a period of transition. This may include changes in ownership or management, as evidenced by the rejuvenated companies described in Chapter 4, or the refocusing of the company format. In the case of Matalan, growth followed the re-formatting of the firm into the mould of American discount clubs, while in the case of Pets At Home, growth began after the retail operation was demerged from its parent. Further examples include Foothold, Schuh, H&C Furnishings, and Majestic Wine, all of which have redefined their growth aspirations following ownership or management changes, as discussed in Chapter 4.

5.2.2 Why Seek Growth?

To understand the nature of FGRs, the initial question must concern why a firm desires or plans for growth. Reynolds (1993) suggests that the motivation for growth includes the opportunity of raising the chances of survival by, for example, achieving economies of scale which lead to cost reductions and profit enhancement. Similarly, growth may allow a firm to attain a critical mass which provides the ability to exploit different market opportunities and profit sources.

The evidence collected from FGRs suggests that growth rarely just happens. Rather it is anticipated and planned for by entrepreneurs, supporting the suggestions of Storey (1994a). Although relatively few interviewees commented upon a formal process of drawing up a growth-focused business plan, most suggested that informal plans were put in place in anticipation of the format's success and the company's growth. However, those which did draw up formal plans suggested that it was a central factor in motivating growth and in establishing achievable rates of growth, even if in reality trial and error play an important role:

"It is fair to say that the discipline of making a business plan was useful. It caused us to think about certain particular aspects. Did it happen according to plan? No. Did we come in everyday and take out the plan and say what have we got to do today? It didn't work like that ... We were very careful when we did our business plan not to overstate our revenue expectations ... So we made it actually quite difficult for ourselves to finance the thing ... but it paid back once we did get the money, because it meant we didn't have unrealistic targets to beat"

Terry Racionzer, Schuh. Research interview.

"We started with very small ambitions in that we were just going to raise enough money for one store, we are not going to get ahead of ourselves, we are going to experiment and work at this, but the groundwork and the basics and the business that we set would sustain rapid growth."

Jim Lowe, Focus DIY. Research interview.

Some interviewees attached the desire for growth to a simple profit motive or an entrepreneurial wish to be the biggest and the best. However, in many cases the motivation for growth was rooted in the need to achieve certain strategic goals to improve the operations of the firm. As such, planning for growth often involves the identification of a target number of retail outlets, possibly linked to a perceived market saturation level. Reynolds (1993) likewise suggests that the desire to achieve economies of scale, by reaching a 'critical mass', forms a significant motivation for pursuing growth strategies. In a retail context this strategy is often manifest in large-scale store opening programmes and geographical expansion.

Those retailers who identify a target level of stores are trying to reach a level which they believe to be crucial to their survival, therefore supporting the ideas expressed by Reynolds (1993). FGRs in expanding markets, such as pets, sports and books, have, in particular, identified the need for rapid growth. Achieving a critical mass is seen as protection against an inevitable shake-out as the market opportunities attract increasing numbers of new firms to the sector.

"[Before restructuring to grow the company we] didn't have buying power, didn't have a marketing department and didn't have computer systems ... In terms of critical mass ... there is probably going to be a shake-out of the market and you have got to get size ... it's happening all the time, people going out of business ... it's likely to continue to happen or accelerate."

Trevor Ghoul-Wheeker, Hammicks. Research interview.

However, the relationship between growth and survival is not necessarily simply a function of the need to achieve economies of scale. For example, in emerging and rapidly expanding markets, such as sports and pets, the need for growth may be associated with rapidly building a national presence and obtaining a 'first-mover advantage' over the competition. The strength afforded to retailers by growth can therefore be used in particular ways to consolidate the company's position. Pets At Home highlights the need to create the perception of size in order to be seen as a credible player in the eyes of key industry contacts, including consumers and suppliers. Anthony Preston (Pets At Home) notes:

"Any new trend in retail needs to be rolled out very quickly because we were not the only people pursuing this particular avenue ... It's all very fast track, and in my opinion you cannot afford to be seen as a purely regional player, because we would not be taken seriously as a potential national player if we confined ourselves to a small regional area ... We may not have fully national coverage yet, but we are certainly able to take that proposition around to Scotland or to Poole. And that is one thing that we are quite keen to do, is to be seen to be capable of running a nationally based business."

Anthony Preston, Pets At Home. Research interview.

Several FGRs also place particular emphasis on the need to be perceived as a credible operation, capable of attracting customers, by prospective landlords. This is associated with the retailers' "covenant", an intangible value attached to the company based on their reputation and ability to generate custom:

"A covenant is the strength - the strength of your covenant is the strength of your reputation, it drives the property market ... The size of your covenant can drive the price of building, the valuation of a building. It can drive whether or not you get onto a retail park, so its not just a question of whether I want to be somewhere - its whether or not they'll have me, even as a plc."

Paul Rosenblatt, Uno. Research interview.

Retailer growth is therefore of importance in terms of a company's ability to obtain good locations.

Paul Rosenblatt (Uno) further emphasises the significance of growth in respect to company perception by noting that the company sought a stock market listing in part to build the profile of the firm and to use the prestige associated with the listing to obtain good store sites. Uno has pursued growth in a number of different ways, and for a variety of strategic aims. While the flotation helped boost the brand and fund expansion of Uno's core store network, a stock market listing is also advantageous in terms of raising capital to fund acquisition-based expansion, a strategy pursued by Uno via a merger with fellow furniture retailer World of Leather. This move was motivated by the desire to strengthen the overall company, but with the aim of gaining knowledge-based improvements, rather than economies of scale.

"[World of Leather] had elements to it that we felt they could teach us, particularly in distribution, and there were elements we felt very confident we could teach them, basically how to sell and market the product ... because whilst they had a good brand it was getting very tired, the market had moved on from where they had originally perceived it. So the added value was in bringing two category killers together who were able to teach each other something."

Paul Rosenblatt, Uno. Research interview,

Birthdays provides another example of the use of growth as a strategy to ensure survival. In this case, the expansion of the retail arm of the company was used to generate enough sales for the publishing side of the business to achieve economies of scale (see section 5.3.3). Retail expansion was therefore a tool used to achieve this aim, rather than the outcome of the process.

5.2.3 Summary

While most firms do not seek growth, FGRs are, as a group, characterised by actively desiring and planning for expansion. Although the rate of expansion is not always anticipated, and a process of trial and error is often an integral feature of the expansion programme, growth is sought for particular reasons. Market circumstances and efficient trading strategies are identified by FGRs as being at the root of the need for growth.

5.3 Strategies For Achieving Growth

5.3.1 Introduction

Once a motivation for growth exists within a firm, attention must shift to the way in which that growth can be realised. Strategies for achieving growth relate to two key areas: first, company structure and operations; and second, understanding the marketplace (see section 5.4). In this section the focus is placed on the structure and internal nature of the company. The particular questions of interest therefore include: Are particular growth strategies adopted to tackle specific growth motivations? How is the broad structure of the company used to achieve growth? And what changes can be made to the internal nature of the company and working practices to facilitate growth? These questions are considered in three sections.

5.3.2 Types of Growth

The following section considers the development of specific company structures to achieve growth. FGRs have adopted three principal growth paths. The majority of FGRs have pursued organic growth achieved by increasing turnover through network expansion. A second group of FGRs which have grown organically includes firms which have focused on increasing sales through a limited number of stores, rather than seeking to build an extensive outlet network. The third group has grown principally via acquisition. A sub-set of this third group has used both organic- and acquisition-based strategies (see Table 5.1). The diversity of growth paths echoes Venkataraman and MacMillan's (1997) study and raises the possibility that different growth strategies are appropriate in relation to different growth motivations and stages of growth.

Table 5.1 Types of Retail Fast Growth

Primary Type of Growth	**Number of FGRs**	**Percentage of FGRs**
Acqusition	3	10
Organic growth (Network expansion)	23	76.6
Organic growth (Limited store network)	4	13.3
Total	**30**	**100**
Multiple strategies	3	10

The use of acquisition as part or all of an FGR's growth strategy is significant because it implies a need for rapid or instant expansion. Retailers who have followed a mixed strategy of organic fast growth with acquisition include JJB Sports, which recently purchased rival Sports Division (MacDonald, 1998), and Focus DIY which purchased Do-It-All from Boots (Unquote, 1998). Rapid growth may be important in allowing a firm to consolidate its position in a rapidly expanding market, such as the sports sector, where many FGRs are competing for market share. For example, both Foothold and JJB have used acquisition as a means to rapidly gain market-share to avoid being victims of a shake-out.

Acquisition also provides a way for FGRs to circumnavigate certain barriers specific to retail growth. In particular acquisition has been used as a way to obtain good locations in the face of a recent tightening of planning restrictions on out-of-town sites. For example, the purchase of Do-It-All by Focus DIY (Unquote, 1998) enables the company to roll out its own format more easily. By contrast, convenience store chain Dawn Til Dusk has used acquisition to overcome distribution constraints to expansion beyond its North West base. Rather than expand existing distribution facilities, which serve the firm's North West stores, or build new ones, the company has adapted a strategy of expanding through the purchase of other regional chains which also have their own established distribution systems.

Location-based motivations for growth via acquisition, such as those highlighted by Focus and Dawn Til Dusk, relate to a need to obtain good locations as the number of quality units available declines and reduce the costs of expansion. This scenario fits into a transaction cost model. Only Uno, which purchased World of Leather, to achieve a cross-fertilisation of knowledge, presents a different model more akin to that identified by Venkataraman and MacMillan (1997) under appropriability-regime theory. Instead of trying to preserve the integrity of specific competencies within the firm, Uno has actively sought to enhance competencies via the merger. In this sense the Uno strategy reflects elements of competitive-positioning theory as short-term managerial-cost increases have been incurred in the take-over, which future advances based on knowledge sharing are hoped to offset.

The examples cited in this section demonstrate that retailer growth via acquisition is rooted in specific growth motivations. No one theory is able to explain why the businesses have grown in this particular manner. Rather the selection of the acquisition growth path reflects the managerial teams' perceptions of what the firm needs to do to survive. Individual firms therefore adopt individualistic strategies. Thus there is a need to draw on elements from a number of the academic theoretical explanations to explain the use of acquisition in growth, as suggested by Venkataraman and MacMillan (1997).

5.3.3 Multiple Activity Businesses and Retail Growth

The FGR sample includes a number of companies for which retailing is the dominant, but not the sole, activity of the firm. These companies reveal a variety of innovative strategies for achieving retail growth based on the relationship between different parts of the firm. For example, Vision Express has made their lens grinding operation a key element of its marketing stance, positioning and store design (see Chapter 7). The example of Birthdays has also already been cited in this context (see section 5.2.2). Birthdays' need for retail growth reflected a desire to reduce costs in the wholesale and publishing operation, from which the retail firm was spun-out, echoing transaction-cost theory. However, the strategy adopted is more akin to competitive-positioning theory identified by McGee *et al* (1995), which suggests that firms are able to exploit synergies available using cooperative arrangements. In the same way that Uno acquired World of Leather to develop strengths from the differences between two parts of the retail sector, Birthdays has used the different activities already pursued within the company structure. The growth of Birthdays' retail activities can thus be seen as a reflection of cooperative strategies between different parts of the company, and as a cost-reducing strategy for the wholesale and publishing operations.

Similarly, Friday-Ad operates both stationery shops and publishes a free-ads paper. The two sides of the company are inter-linked and have been crucial to the firm's growth. The free-ads paper is published on a regional basis, which has led the firm to open its shops on the same regional pattern. The shops form the points-of-contact between the published paper and the community it aims to serve, in addition to the company's more specific retail-related aims.

5.3.4 Evolving Company Structure to achieve Growth

The problems faced by growth firms are identified by Hambrick and Crozier (1985) as including a sense of fallibility, internal turmoil, and the need for outside resources. Hanks and Chandler (1995) also highlight the increasing distance growth puts between the entrepreneur and the impacts of the decision-making process. Structures therefore need to be put in place to allow control to be maintained by management, while developing a team which can manage and envisage the firm as a larger entity.

The challenges faced by growth firms provide the stimulus for managers to instigate structural changes, notably the formalisation of procedures and communication channels (Hanks and Chandler, 1995). This process seeks to simplify complex operations, direct employee behaviour to make it more predictable, and to create a standard against which efficiency can be measured (Walsh and Dewar, 1987). Formalisation includes the implementation of new policies and procedures to support the structure of the firm, and may be measured by the degree to which such operational procedures are established in a written form (Daft, 1986; Sexton and Bowman-Upton, 1991).

The effective entrepreneurial firm is thus one which can manage growth through a successful combination of risk taking, proactivity and innovation within an organisational structure that will support such behaviour. In particular, Sexton and Bowman-Upton (1991) believe that education and communication are vital to the management of growth. This includes the participation and involvement of all employees, to improve knowledge and understanding of the firm's goals. The use of both explicit and implicit coercion is thus also promoted to ensure that all staff, and not just the management, grow with the company (Kider and Schlesiger, 1979). Harrison and Taylor (1996) note that when fast-growth firms fail it is often the result of being unable to modify internal operations to handle the growth effectively.

Successfully achieving growth is dependent upon the ability of all parts of the firm, including management, staff and operating systems and procedures, to grow together. However, the growth process may put the firm's culture under stress. This, in turn, may be associated with the transformation of the firm from an entrepreneurial venture to a managed business, and important changes in the managers' perception of the business:

"There comes a point with some people, and it comes down to the directors' mind set, where the business takes on the identity, and you work for the business."

Paul Rosenblatt, Uno. Research interview.

"To be honest we were looking to develop about 10 stores by about this time, which is what we have done, but we are going on much further now, which is a good thing and a sad thing in many respects. I like the size of my business, I know everybody - everyone who comes in this room, I know all their Christian names ..."

Peter Harrison, Furniture Village. Research interview.

Stuart Williams (Topps Tiles) notes that successful growth necessitates a revaluation and formalisation of the company's structure, aims, and procedures echoing views expressed in the academic literature (Sexton and Bowman-Upton, 1991; Walsh and Dewar, 1987). However, Williams also suggests that this process is essential in creating a business which is seen as credible by various potential stakeholders. Whilst this follows Paul Rosenblatt's (Uno) views on the need for growth in relation to site acquisition, Stuart Williams suggests it is also essential in relation to attracting quality staff:

"[The formalisation of the company structure] enables all the people who work in the business to be motivated in different ways, because there is value established on what the company is. So you can provide share options, and I think if you have got a business that is a strongly family business, then I think there are definitely limits to your ability to attract people to the business"

Stuart Williams, Topps Tiles. Research interview.

The process of formalisation is also concerned with the introduction of new areas of expertise into the company. This often involves the evolution of the firm's management hierarchy with the creation of new board positions. Alison Richards, founder of The Pier, approached the American parent company for input in the form of management and customer service training as well as help with developing a base of quality suppliers. Seattle Coffee and Carpetright followed the course of appointing new directors and creating new departments as the firms grew. For example, Carpetright's financial administration, which had originally been handled by MFI, was brought in-house in 1990 when the company reassessed its growth strategy.

The formalisation process is also made apparent in the degree to which a company's trading style is outlined in writing. The use of mission statements is therefore often a relevant signifier of the formalisation process taking place. Egan (1994) notes that businesses which develop mission statements can be subdivided on the basis of whether those missions are internally or externally focused. Companies falling in the first category are seeking to formalise the culture or spirit of the business as a way of improving the firm's internal operations. Of particular significance to this study are attempts to improve communication between the different levels of an emergent management hierarchy to ensure the whole business grows together.

FGRs confirm Sexton and Bowman Upton's (1991) suggestion that communication is central to creating a company which can manage growth. Although Terry Racionzer (Schuh) suggests that a well focused business culture means that staff intrinsically know where the company is going, FGRs do implement a range of strategies to ensure good communication. Topps Tiles issues all new recruits with a welcome pack and video which introduces the firm's directors and departments. This seeks to remove the 'us and them' stigma which often exists between staff and management, and to place the role of new employees within the context of the whole firm's activities. The company also publishes a regular internal newsletter, a strategy pursued by several other retailers to ensure good communication. In the case of Poundland, the newsletter is written by an ever-changing editorial committee, which includes staff from all parts of the company. In this way the publication seeks to be a forum for ideas and comments, as well as a direct line of communication between staff and management.

Thorntons has developed its lines of communication between managers and staff further by producing a welcome video for new staff in addition to on-going videos which explain new aspects of store operations. Information packs are also regularly sent to stores including check-lists, photographs and printed material explaining exactly how stores should look. The packs resemble chocolate boxes, which reinforces the company colours, logo and slogan. The company has thus established clear lines of communication by attempting to build the brand *within* the firm as a way of ensuring everyone is pulling together. Pets At Home takes a different approach which nonetheless signifies the importance of culture and communication to the firm's success:

"... when people have been in the business three or four weeks, we say if you were writing a Pets At Home mission statement what would you say? And if when you ask that they trot out at least a few of the elements that we think ... then you know you've got your culture fairly well reinforced throughout the business"

Anthony Preston, Pets At Home. Research interview.

5.3.5 Growth Through Franchising: Theoretical Issues

Franchising has become closely associated with the growth and success of retail businesses through the high profile success in the 1980s of companies such as The Body Shop and Tie Rack. It is of particular interest to this study as a potential strategy to achieve rapid growth. The franchising literature reflects many of the issues already raised in relation to modes of organisation. The reasons why firms franchise fall into two broad groups concerned with resource constraints and agency theory (Venkataraman and MacMillan, 1997).

Research citing resource constraints as the primary motivation why firms adopt franchising as a business form identify three core motives. First, franchising is a way to raise finance capital, through format fees and royalties, and lower costs, by removing the burden of rent, outlet fixtures and administration costs (Dant, 1996;

Stanworth, 1994). Second, franchising can solve human capital constraints by providing a pool of self-motivated managerial talent (Dant, 1996; Price, 1996) . Third, franchising can act as a cheap and reliable way to acquire local market knowledge (Price, 1996).

Resource-constraint theories have been contested by others (Rubin, 1978; Lafontaine, 1992), who suggest that franchising does not provide an effective tool for raising capital. Indeed it is noted that some franchisors help finance the establishment of franchisees' operations (Lafontaine, 1992). However, Norton (1998) counters these criticisms by suggesting that the advantage of franchising is that all three of the above resource constraints are simultaneously resolved, and at a lower cost than had each been tackled separately. Dant *et al* (1996) also note that franchising may be especially significant as an early-stage tool to overcome resource constraints. This suggestion is supported by Price (1996), who indicates that, in later stages, franchisors may try to regain direct control of franchisee outlets.

An alternative theoretical stance is provided by agency theory, which highlights the ownership stakes held by franchisees, and suggests that this provides an incentive for those managers to keep tight control on the operations. By giving managers an equity stake, the aims of the individual manager and the overall franchisor company are more clearly aligned thus ensuring the whole business is geared to success (Shane, 1995). By ensuring managers are motivated and working for the same goals as the main company, a certain amount of control is also exerted by the franchisor. Franchising thus offers the ability to establish an element of control at low cost (Harrison and Taylor, 1996).

However, franchising does not produce universally positive outcomes. Hoy (1994) notes that franchisors and franchisees may be involved in conflicts over the franchise territories, promotional activities, and managerial control. Felstead (1994) also raises the issue of control, indicating that franchise agreements may make it difficult to tailor the company to a changing market, and that the length of franchisee agreements may in turn influence the timing of franchisor restructuring. The need to consider the franchisee companies may therefore restrict the franchisors' ability to pursue its own strategic aims in certain circumstances.

Although franchising presents a variety of advantages to growing retailers, it remains a contentious issue, with views often polarised between perceptions of the positive and the negative aspects. It is therefore useful to explore the extent to which the FGRs included in this study have used franchising to grow and their reasons for either using or not using it as an approach. Of the 30 participating firms, under a third operate franchises in the UK, with three others operating overseas agreements.

5.3.6 Why FGRs Do Not Franchise

Although most FGRs do not franchise, the majority have considered it as a growth option. This can be seen as a component of planning for growth, supporting Woo *et al's* (1989) suggestion that firms which achieve rapid growth tend to spend more time planning that growth. The reasons why the majority of firms in the sample do not franchise encompass a range of issues from personal views and managerial perceptions, through to concerns about the side effects of franchising and its appropriateness to the firm's specific circumstances.

The rejection of franchising as a strategic option often reflects either the entrepreneur's own negative perceptions of this business form or the belief that it is an inappropriate strategy in terms of the firm's particular market circumstances. For example, Tim How (Majestic Wine) suggests that it is often used as a 'get rich quick scheme'. Similarly, both Uno and Dawn Til Dusk perceive of franchising primarily as a source of external finance, which they do not require:

"We would give consideration to [franchising] in the future, but it is not currently a high priority ... basically because we don't need to as we are cash positive - new stores help our cash flow, not hinder it."

Paul Rosenblatt, Uno. Research interview.

By contrast, Ted Baker and Schuh have developed retail formats in market niches which do not require large outlet networks, thus making franchising redundant as an option in the UK. To maintain the exclusivity of the fashion brand element of the companies, they do not want to dilute the concept by opening too many stores.

Attitudes to franchising are also related to a retailer's stage of development. In particular, a number of study companies drew attention to the need for a simple format which could be easily duplicated for franchising to work. A more strictly defined format often only comes later in a firm's development, thus many of the study firms claim to still be in the process of honing their concepts. For example, Pier One Imports, the US parent of The Pier attempted to franchise their store format in the USA, but found it to be over-complex and abandoned the programme:

"I think the business is a bit too complicated, it's not a simple product range. It spans everything from a teeny-weeny perfume bottle to a bloody great sofa, and its not as formulaic as some retail businesses, and it is very fast moving, we renew a huge amount of our products each year."

Alison Richards, The Pier. Research interview.

This problem is repeated by several other UK FGRs considering the franchise option. Matalan, for example, also note that:

"There isn't a formula at the moment that you could offer to franchisees"

John Garnett, Matalan. Research interview.

Therefore there is a need to have a tight, easily controlled and supervised format before franchising should be considered, reflecting Harrison and Taylor's (1996) suggestion that franchise packages need to be carefully constructed to maintain control.

Wileman and Jary's (1997) comparison of producer and retail brands emphasises that there may be difficulties in establishing a tight formula on which to develop a franchise system:

"A Mars bar has 16 ingredients (chocolate, sugar etc.); a few key eating characteristics (taste, texture); a wrapper, with logo and material feel; and a few key brand positioning themes (work, rest and play etc.) ... Tesco, in contrast, has 17 000 lines, 435 stores, and 120 000 front-of-store checkout operators, customer staff and shelf fillers interacting directly and daily with customers."

(Wileman and Jary, 1997; p.40)

Finlay Scott echoes this viewpoint and indicates that one of the reasons Aroma has put an emphasis on brand development is to create a coherent formula which could allow successful franchising in the future:

"At the moment one of the reasons we have gone to the extent of developing so many own label products is that in the event that we wanted to go down [the franchising] route it would be very easy to do."

Finlay Scott, Aroma. Research interview.

Alison Richards (The Pier) raises the issue of timing in relation to the establishment of a franchise operation by suggesting that the ability to develop a format which is suitable for franchising requires market experience. Being able to formalise a company's trading style requires an understanding of the marketplace which retailers will rarely have been able to develop at start-up.

"Things like the image of the company are so important, and that whole service ethos, and are kind of complicated to reproduce. So until you are sophisticated enough to formalise it and supervise it effectively, ... I don't think it is really feasible to do. And if you don't need to, why do it?"

Alison Richards, The Pier. Research interview.

The timing of the establishment of a franchise operation is also important in the context of the broader economic environment. For example, Friday-Ad set up their first and only franchise during the difficult trading conditions of the last recession, but found the format was not strong enough to support the venture under those conditions.

The experiences of FGRs highlights the need for an easily communicable format and good supervision to achieve success under the franchise model. The problem of maintaining control was cited by approximately half the sample as the primary reason for not franchising, despite the fact that the literature suggests franchising can aid control (Harrison and Taylor, 1996; Shane, 1995). In the case of companies such as JJB Sports the entrepreneur's personal desire to maintain influence over all aspects of the firm proves decisive in the franchise decision. However, control is more often seen in operational terms, including the context of maintaining quality standards and the firm's reputation. For example, James Heneage (Ottakars) expresses the belief that reputations live or die by the quality of the company at the local (shop) level, therefore necessitating tight control if standards are to be maintained. Allyson Svenson (Seattle Coffee) expresses a similar view, which also emphasises the added difficulties of more complicated formats:

"*We have a woman who is ... our director of quality control. She makes sure that the quality of the coffee stays ... and there are all sorts of ways that our company can slip, outlet by outlet to become a little less authentic. ... to start franchising it, I think it would be dangerous territory*"

Allyson Svenson, Seattle Coffee Company. Research interview.

The issue of control is of differing significance over the course of the firm's development. Because the nature of the format reflects the ability of a firm to successfully pursue franchising, maintaining tight control while the format is being developed and refined is critical:

"*Control is the main issue, and we need to maintain control at this juncture*"

Paul Rosenblatt, Uno. Research interview.

Operational considerations may include the company's ability to attract 'appropriate' staff. Tim How (Majestic Wine) believes there to be a mismatch between the sort of people he wants managing Majestic stores, and those who would apply to run franchises:

"I don't think we feel very sympathetic to it [(franchising)] ... we like to attract new graduates and keep them for 3 or 4 years, who are wine enthusiasts. They are unlikely to be the people who are going to be in the business of affording franchises, who are typically people who have been made redundant. I think we would lose the enthusiasm, we would certainly lose an element of the control"

Tim How, Majestic Wine. Research interview.

Although franchising is widely viewed as a way to expand using external finance (Dant, 1996; Stanworth, 1994), a number of FGRs suggest successful franchise schemes in fact involve high set-up costs. The combined expense of legal costs, creating a franchise manual, and generating internal administrative facilities to support a franchise network are considered prohibitive by some FGRs, echoing the findings of Lafontaine (1992). The example of Friday-Ad has already been identified in this respect, a view supported by Focus DIY and Pret a Manger.

Pret a Manger follows the early stage resource constraints model proposed by Dant *et al* (1996); the company opened franchises quickly in the early stages of business development to achieve rapid growth and establish the brand in the face of a highly competitive market. As the brand has become more established rapid growth has become less critical, and the disadvantages of franchising have become more apparent. In particular, the company has found it has had to retain responsibility for many operational issues that it wished to devolve to the franchisees. For example, the company has sought to build good management/staff relations, an important part of which is the ability of staff to choose to move between stores. This gives staff a certain amount of variety and seeks to keep the job interesting. However, such a strategy becomes a problem if people want to move between the franchisee companies rather than just company-owned stores. Thus franchising has slowed not only because initial resource constraints no longer exist, but because the franchise system had started to impose its own constraints on the firm's continued success.

The prohibitive costs of franchising are of relevance for both the franchisor and the franchisee. Thus not being able to produce a franchise package attractive to potential franchisees restricts the ability to use franchising as a growth strategy. For example, none of the FGRs included in this study which do franchise, trade through out-of-town shed style units. This reflects the high costs involved in establishing each store. Jim Lowe (Focus DIY) echoes the views of Paul Rosenblatt (Uno), suggesting that acquisition of shed style units is dependent largely upon a retailer's covenant (see section 5.2.2). Because new franchisees have no track record as retailers of a particular brand, landlords have no measure of their credibility. It is therefore potentially much harder for a franchisee to find a suitable unit, despite the power of the brand with which they are associated.

5.3.7 FGRs which do Franchise

While the majority of FGRs have not used franchising to expand within the UK, a minority have used the strategy to move into international markets. Although loss of control has been a barrier to UK franchise growth, in foreign markets the strategy presents a way of building local knowledge into the firm. This follows the third aspect of the resource constraints model (Price, 1996), but emphasises its particular, and often exclusive, application to foreign markets. Thus Ted Baker, Richer Sounds and The Seattle Coffee Company do not have any UK franchises, but already operate overseas franchised operations; Past Times, Poundland and Foothold are considering the possibility of following the same strategy.

FGRs which have adopted franchising as a way of expanding within the UK market tend to do so to solve particular strategic problems related to specific growth motivations. These concern market-related factors, including the need for strength from size, as discussed in previous sections, and operational factors, including maintaining staff and broadening the potential scope of the outlet network.

Market conditions can be a significant factor motivating the adoption of a franchise-based strategy. Birthdays has already been highlighted as an example of a firm using franchising to meet its need to develop a sales network rapidly to achieve economies of scale within the publishing side of the firm. The firm currently operates 350 company-owned stores and 150 franchises, the majority of which were opened early in the firm's retail growth. Having successfully developed its publishing operation, retail growth has been refocused on company-owned stores.

In the same way that JJB and Foothold have used acquisition as a means of achieving fast growth to attempt to consolidate their position in an expanding sports market, similar conditions in the book sector prompted Hammicks to develop a franchise operation to grow rapidly. Trevor Ghoul-Wheeker was brought in by Hammick's venture capital backers in 1994 to turn the ailing business around, and has since restructured the company to cope with the highly competitive market conditions using franchising:

"*... my view was that a business that could outperform any existing book shop ... needed all the benefits of being part of a big group, but really needed a different sort of management that would drive for efficiencies in stock terms, cost control, levels of service, that quite simply bookshops thought they had but didn't ... So I went to my investors ... and said ... I'm going to develop this group into a franchising operation*"

Trevor Ghoul-Wheeker, Hammicks. Research interview.

Whereas Birthdays used franchising as a tool to achieve a particular strategic aim, Trevor Ghoul-Wheeker's philosophy is that franchising needed to be built into the business model. Hammicks has thus been restructured to specifically tailor the firm to franchising. The company has also introduced features including a licensing scheme, whereby Hammicks co-ordinated book ordering for a collective of 90 independent booksellers; this was intended to increase the company's buying muscle and to develop a business platform which had tried-and-tested systems for operating with semi-autonomous franchises:

"The more strategic reason for [developing the licensing scheme] was to test all our systems could support franchises, you can't try it later and hope that you get it right. We have launched our franchises scheme, we've done it, tested it, and we now have 400 applicants."

Trevor Ghoul-Wheeker, Hammicks. Research interview.

The existing company-owned stores are focal points for clusters of franchises, acting as centres of excellence for staff training, and demonstrating new store layouts.

As well as being a response to the need for a strong market position, the adoption of the franchise strategy by Hammicks also relates to the belief that franchise ownership acts as an incentive to perform well. This reflects an agency theory explanation for franchising (Shane, 1995), and is a view shared by other FGRs including Dollond and Aitchison, and Vision Express. However, Dollond and Aitchison demonstrate that managerial motivation of this nature may be related to a number of other operational factors including the retention of good staff and the expansion of the outlet network:

"What used to happen was that a good manager goes into the small branch, newly qualified or whatever, business goes up dramatically, he thinks that's good, the branch is doing well. Move that manager out or promote them and business drops... Secondly, there is a certain level of town in which it is difficult to substantiate a head office branch, whereas the branch itself can be quite profitable if there is a franchising factor in there - it's your own business, you do work a fraction harder, you do control the costs that little bit more, and therefore we could be in more towns, which obviously helps towards our scale, things to do with purchasing of product, purchasing and factory requirements."

John Garnett, Dollond and Aitchison. Research interview.

Previously good managers wanting new challenges tended to leave the company. Now, being able to offer franchises gives such managers new responsibilities and a degree of autonomy. However, the company has also used the strategy as a means of expanding into otherwise marginal locations. The same strategy has also meant ex-local independent opticians in similarly marginal areas have been able to join Dollond and Aitchison as franchises, thus benefiting from the company's brand, marketing and suppliers. Likewise, although Birthdays' franchise operation was originally conceived to serve the relationship between the production and retail sides of the business, it has since been more fully integrated into the company's retail strategy. Those franchises which are now taken on tend to be smaller independent "mom and pop" operations and not the city-centre store locations which the firm believes they can successfully operate as company-owned units.

Vision Express, along with Specsavers has also pioneered a form of franchising, described as a joint venture company. In the case of Vision Express, the initial motivation for establishing joint venture stores was location driven. Joint venture stores split ownership 50:50 between Vision Express and the 'franchisee', as Dean Butler describes:

"What we do is, he owns 50% of the business, we own 50% of the business. We have A shares, he has B shares. The A shares are the only ones that have a real voting capability and so forth. So we control the business in the big picture sense, he controls it totally in the local sense. He pays us a management fee and a mark up on product and so forth and gets all the profit, A shares aren't entitled to any profit, only B shares."

Dean Butler, Vision Express. Research interview.

The parent company performs a range of other tasks such as accounting and payroll at the Nottingham head office. The arrangement means that Vision Express, like Dollond and Aitchison, can extend its coverage into more marginal locations, while maintaining control of the company. A similar joint venture programme is also operated by Specsavers which seeks to motivate managers through ownership:

"Basically what most retailers suffer from is there is no-one in the store who's particularly motivated. If you have actually got people in the store who have ownership, and they have the incentive of 100% of profitability, sales goes forward, customer service is better, and the stores are being controlled and managed on a day to day basis. You add that with the support of a national company, providing national accounting support, group buying etcetera, its a win-win."

Nick Martell, Specsavers. Research interview.

These schemes attempt to harness the advantages of the franchise format, while keeping the relationship between the main firm, company stores and franchised stores close enough that the potential disadvantages of such a structure are not realised. In all cases where FGRs adopt some form of franchise or joint venture structure, they do so having tailored the concept to the particular market or firm circumstances. In those cases where it is used, it is made the focus of the company's structure and is clearly intertwined with the firm's core strategic aims and goals.

5.3.8 Summary

The evidence presented in this section confirms that FGRs achieve growth through a range of strategies associated with the company's structure and its internal operations. In particular, FGRs also demonstrate that the mode of growth adopted relates specifically to the strategic aims of pursuing growth and the specific nature of the retail format. Thus acquisition-based strategies may be associated with the need for very rapid growth in expanding markets or the need to overcome regional distribution constraints, while organic growth based on sales growth in individual stores may be rooted in the need to maintain the exclusivity of a retail brand by limiting the number of shops. The use of franchising as a growth strategy is, in particular, associated with clear strategic aims including local knowledge for overseas expansion, operating stores in marginal locations and attracting appropriate staff.

However, in addition to tailoring aspects of company structure to achieve growth, FGRs have also placed an emphasis on internal change. In addition to the well documented processes of formalisation and evolving the management hierarchy, FGRs highlight the need to build strong lines of communication between managers and staff. The sample firms also reveal the close links between this process and the building of a retail brand (see section 5.4.3) internally as well as externally.

5.4 Developing and Sustaining Market Positioning

5.4.1 Introduction

The structure and business practices of FGRs have been shown in the previous section to be important elements in the success of those firms. The second strand to the growth process, considered in this section, concerns the manner in which the firms understand and exploit particular market segments. Particular questions addressed include: how do FGRs build an understanding of their marketplaces and how is the market information that they collect used? These questions are considered in two parts. The first focuses on the collection of market data and its use in building a market positioning. The second concerns key elements of FGRs' positioning strategies, and in particular the use of branding and advertising.

5.4.2 Collecting and Using Market Data

The primary focus of this section is on the development of a retailer's market positioning which can support fast growth. Market positioning relates to an intangible combination of factors, including target customers, branding, customer service offers, and product selection (Storey, 1994a; Wingham and Kelmar, 1992; Macrae, 1991), which are intended to form a particular format designed to appeal to a pre-defined consumer type.

Although there is a dearth of fast growth studies which consider the specific relevance of market positioning, many studies do implicitly discuss the topic. In particular, the need to understand the marketplace before a successful market positioning can be identified is highlighted. For example, Macrae (1991) notes that fast growth firms place considerable emphasis on the actions of their competitors, while Storey *et al* (1987) find that low growth firms have the poorest understanding of their competitors. Likewise, Storey *et al* (1989) suggest that companies trading in the same sub-sector will try not to compete directly with each other, but use their market knowledge to segment the market. Covin and Slevin (1989) note that the nature of competition in a particular market has important impacts on the way in which firms react in terms of organisational flexibility and propensity to undertake risky projects. An understanding of the nature of the marketplace is thus critical to achieving fast growth success.

Successful market positioning strategies also rely on the ability to adapt that positioning to market changes. Smallbone *et al* (1993a; 1993b) argue that fast growth firms are those which are most likely to have made adjustments in response to changing customer compositions, regulations and technology, to which might also be added customer demands. Studies of fast growth strategies therefore place considerable emphasis, both explicitly and implicitly, on the need for market knowledge to facilitate efficient operations and the development of a format attractive to customers. However, there is little indication of the degree to which market data is collected by companies, or the manner in which it is collected. The following section therefore considers the information amassed by FGRs and its uses.

FGRs acquire market knowledge through a variety of formal and informal procedures. For example, the role of the founder's experiences, discussed in Chapter 4, provides an important informal source of information through which a retail format is developed. Likewise, many entrepreneurs emphasise the importance of a 'gut feel', and the process of trial and error in format formation. Particular FGRs which respond to 'of-the-moment' trends also place considerable emphasis on a variety of informal information sources, a strategy more recently pursued by established chains such as Arcadia, which has carried out research in night-clubs. Terry Racionzer (Schuh) thus notes the importance to their firm of watching what is going on in the worlds of high fashion, and music, club, and youth culture:

"*... it comes from the catwalk, it comes from the music scene, it comes from the club scene. You have got these three areas guiding the core of the fashion, you've got active sports wear becoming fashionable ... Whether its skateboarding or snowboarding or roller-blading or things like that, so that's another element to the fashion thing. So it comes from all sources like that.*"

Terry Racionzer, Schuh. Research interview.

However, the majority of FGRs also actively collect specific market information. Proactive data collection includes sales monitoring, post-sales surveys, database construction and market research, which are used by retailers in a range of different circumstances. Ongoing sales monitoring is particularly widespread, via Electronic Point of Sale (EPoS) equipment, which has increasingly introduced technological sophistication to the process. Storey (1994a) notes that a variety of studies have identified use of technology as being positively related to a firm's ability to achieve fast growth, although there are considerable sectoral variations in the meaning of technological sophistication.

FGRs are able to use EPoS data to both evolve the store format and modify trading circumstances. For example, Carpetright links the store-based ordering process with the warehouse-based carpet-cutting process to minimise wastage through off-cuts. JJB Sports and H&C Furnishings also use EPoS data for stock control. Both companies have developed just-in-time delivery systems which maximise store-selling space by minimising stock-holding capacity at the store level. This follows the model pioneered by the corporate grocers (Marsden and Wrigley, 1996). Uno and H&C have also broken new ground by using sophisticated EPoS systems to monitor the low-volume furniture market; traditionally the need for EPoS data has been associated with high-volume markets. H&C now believes that EPoS data has allowed the firm to gain a competitive advantage, notably by enabling better stock management to reduce delivery times.

For many firms the collection of basic customer information is important. Knowing where somebody lives, for example, enables the company to monitor customer types on the basis of socio-economic variables derived from postcodes, and thus to target tailored promotional material accordingly. Retail opticians have the advantage of being legally required to hold patient details once an eye-test has been carried out. Dollond and Aitchison, Vision Express, and Specsavers therefore have ready-made sets of consumer data which they can exploit:

"We have recall systems, and that allows us to communicate not only that the customer needs a re-test, but also to advise them on offers, promotions that are currently running. And next year we will start relationship marketing, that's basically targeting people by age category, by leisure interests etcetera, making them aware if they play sport, twenty-five to thirty, that they might want contact lenses."

Nick Martell, Specsavers. Research interview.

Retailers without such a legal obligation have found other ways of building data sets of a similar nature. Majestic Wine and Hammicks collect basic data by encouraging consumers to sign up for membership clubs or information services. Matalan has taken a different route. By setting itself up as a discount club, customers are enticed by cheap branded products, but are required to pay a nominal fee and provide basic information before they can make a purchase.

Market research and discussion groups are another tool used by a number of FGRs in this study. Majestic Wine holds group surveys of customers and potential customers, new customers, old customers and non-customers in an attempt to establish what people want from a wine retailer. Past Times holds twice-annual discussion groups conducted by a professional third party, involving both customers and non-customers as the company attempts to evaluate perceptions of the Past Times brand. Some FGRs use exit polls, where consumers are interviewed as they leave the shop, as another method of collecting point-of-sale information. Matalan, in particular, carries out exit surveys, following the opening of new stores, to gauge consumer impressions on its products, presentation and service as a precursor to a second wave of media advertising. Past Times, on the other hand, performs twice-annual exit polls at their stores to determine store catchment areas. This information is then used in decisions concerning the number of stores which can be supported, the rate of expansion and location selection.

A number of FGRs pursue a belief that a firm can learn by its mistakes and thus encourage customers to tell them what they are doing wrong. For example, Richer Sounds and Specsavers produce post-sale questionnaires, while Pret A Manger and Foothold operate hot-line services. Pret A Manger operates both strategies, using take-away food bags to distribute the information to the maximum number of people and advertise the MD's telephone number. Foothold demonstrates that while this strategy has helped understand consumers' needs, it has also turned into a promotional tool in its own right:

"*...firstly and foremost we have a customer service hot-line... and its a freephone number, ... and we get a lot of phone calls but they are not all complaints, they are not all compliments either, some people just keep the phone number because they want to know when the latest Nike Air Max is being released, or can you tell me where you get this product, or do you carry this particular style in any of your stores? So people are holding on to the number which is good ...*"

Clive Klinger, Foothold. Research interview.

Storey's (1994a) review of studies of fast-growth firms notes the importance of market positioning to the realisation of growth. In a retail context this is emphasised by the way in which retailers use market information to improve their formats. Market data provides the ability to tailor the retail proposition more specifically to a target market. Some FGRs have therefore used this information to develop multiple formats, differentiated from each other by product selection, location and store design, to appeal to variations within the company's target market. Approximately one-third of the sample FGRs have pursued such a strategy, which in a minority of cases has included trading under several different names.

Companies such as Seattle Coffee and JJB Sports have subdivided the marketplace by varying a basic format to suit a wider range of locations. Carpetright has taken a different approach, and has maintained a focus primarily on retail shed parks, while developing different trading styles (Carpetright and Carpet Depot) to target specific demographic groups. Furniture Village and Uno also both operate under several trading styles. However, rather than responding to market demographics, these companies target different product groups. While Uno acquired leather furniture retailer World of Leather, Furniture Village has split its soft furnishings and textiles between the original Furniture Village format and its sister firm The London Bedding Company. By contrast, Dawn Til Dusk, which, like Uno, has expanded via acquisition, has adopted a different approach. While maintaining the trading names of purchased companies, the firm has modified its formats on the basis of the core Dawn Til Dusk style.

Although tailoring the retail format to the demands of the target market is essential if growth is to be achieved, success can only result from ensuring that the format continues to reflect consumer demands. Smallbone *et al* (1993a; 1993b) note that the ability to make adjustments over time in response to changing market circumstances is more fully developed in fast-growth than slow-growth firms. The use of EPoS data, which is generated as part of the ongoing operations of a retailer, is therefore particularly important in the evolving of retail formats.

Alison Richards (The Pier) notes that the housewares market has changed considerably during the company's growth, and that the firm has needed to respond to this to maintain keep growing:

"I think we've become less ethnic, less overtly ethnic. It was very trendy when we first started, another dead cat bounce from the Seventies, and it has become less interesting now. The Nineties have moved into a different sort, there are ethnic elements in Nineties interior design, but it is much more eclectic."

Alison Richards, The Pier. Research interview.

Likewise, Allyson Svenson (Seattle Coffee) highlights the need to understand the market, but indicates that this may include an element of trial and error:

"... we opened that first very small store, about 300 square feet, in Covent Garden in April of '95. It started to do very well; we played with it, tweaked it, learned from it. ... We decided it works in Covent Garden, but everything works in Covent Garden, so we had better try two other formats. So we tried a book store cafe in Cambridge, so out of London ... we did that and then the following week we opened an outlet in Canary Wharf, which is very city focused, business based, a captive market."

Allyson Svenson, Seattle Coffee Company. Research interview.

The need to be evolving the format continuously and responding to market change is also emphasised by Anthony Preston (Pets At Home). However, the point is also made that a line of continuity must be presented through a format's evolution. A good understanding of the market's core needs is therefore required, based on the data generated by the strategies previously discussed:

"... the trick is, providing the basic image is correct, to then develop the business and still preserve a recognisable theme to it, and that is really what we try to do ... if you visited a number of our stores and you knew when they opened, you would see that they feel like the same sort of store, but that the proposition has moved on ..."

Anthony Preston, Pets At Home. Research interview.

5.4.3 Creating a Market Niche

The success of FGRs is dependent upon not only the ability to understand the marketplace, but the application of that knowledge to the development of a sustainable market positioning. FGRs have therefore sought to differentiate themselves from competitors in particular ways by segmenting the market and creating a niche. Although demographics and socio-economic factors remain important criteria on which to segment a market, factors such as service provision, branding and lifestyle choices are central to FGR's niche-building strategies.

Retail opticians, which broadly sell comparable products, have differentiated themselves on the basis of the particular type of service they provide. This reflects Storey's (1994a) indication that companies in the same market will try to find a way of creating their own particular niche:

"*Boots are just Boots, they have that big brand and the safety of that about them; Specsavers go for the cut price focus, price is always the message, it used to be on the facia until recently, the pound sign. Specsavers, their name, they go for the cheap end of the market. Vision Express, the word express means they go for the fast, if you want your glasses quick ... our USP [(Unique Selling Point)] is our caring and our service levels.*"

Ian Johnson, Dollond and Aitchison. Research interview.

In the coffee house market, branding has been made the primary point of differentiation between FGRs. Thus Seattle Coffee has sought to evoke the Pacific Coast version of the coffee house phenomenon, while rival Coffee Republic draws on New York imagery. Finlay Scott (Aroma) notes that coffee house retailers have supported their market positionings by encouraging consumers to associate themselves with the brand via own-label products such as ground coffee, crockery and branded insulated mugs. Through these products, the retailers are able to extend their influence into all aspects of consumers' lives:

"We have a whole exclusive range of different ceramics and travel mugs, coffee mugs, things we import from America, and then our food line ... And of course the main additional offering we have are our whole bean coffees for people to take home. The whole idea is we create this experience in the store, and want people to be able to take that experience home."

Allyson Svenson, Seattle Coffee Company. Research interview.

The creation of a brand-based lifestyle positioning in the coffee-house sector is rooted in the desire to generate customer loyalty in a competitive market which currently supports at least three FGRs. The UK retailers are thus emulating the route pioneered by US coffee houses and changing the retail environment as described in Chapter 1.

"Coffee drinking in the USA has been revolutionised over the last five years by the national expansion of Starbucks and its Seattle based competitors. The category has been transformed into a gourmet, aspirational life experience."

(Wileman and Jary, 1997; p.141)

The success of coffee house culture and FGRs in this sector highlights a scenario similar to mimetic isomorphism identified by Venkataraman and MacMillan (1997). However, the success of this imitative strategy in the UK must also be seen to be imitating American coffee house culture, which is also perpetuated through cult US television shows, such as Friends and Frasier, shown in the UK. Smith (1996) reveals trans-Atlantic cultural chains by noting that US coffee houses were themselves inspired by European, and particularly Italian, urban coffee houses. Thus, while both the UK and US coffee house markets display imitative business models, each is responding to different cultural catalysts.

FGRs have used retail brands as the cornerstone of a variety of differentiation strategies. In particular, own-label products are often central to the creation and support of a retail brand (Wileman and Jary, 1997), as coffee shops demonstrate. However, Focus DIY uses own label products in a different way. The firm has widened its appeal by targeting different brands at different customer types. By contrast, Thorntons, which makes its own chocolates, sees control of the production process as essential to maintenance of the perceived quality aspects of the brand. The firm's recent restructuring, which included exerting more control over the supply chain to ensure that suppliers meet required standards, is thus central to the firm's retail-brand strategy. The creation of a retail brand can also be linked to the producer brands stocked by the retailer. For example, discount chains such as Matalan and Poundland have built their positioning not only on their discount offer, but also on the fact that they sell cheap but well-known fashion-branded products.

JJB Sports is an example of an FGR which has used promotional strategies to support its brand. The firm has sponsored sports clubs and tournaments to differentiate itself from more fashion-orientated rivals. By contrast, The Pier has developed links with "She" magazine, combining the publication of the company's catalogue with an issue focusing on home decorating, thereby drawing on the lifestyle focus of The Pier's market positioning:

"...we've just put the whole catalogue in She magazine as a run of the print, which is a quite unusual advertising stance. But basically you have their homes section which advertises 20% discount at The Pier, it pre-advertises, and then you get the whole [catalogue]"

Alison Richards, The Pier. Research interview.

This strategy followed positive results of a cover sticker promotion which "She" magazine offered The Pier free of charge as an incentive to advertise. Hammicks, like The Pier, has found that discount vouchers have a direct and significant impact on sales and brand awareness. Hammicks is developing this strategy by building relationships with a high street bank to enable people using the bank's automatic telling machines to receive a discount voucher when they use the machine.

Aside from promoting the company, the publishing of catalogues and magazines allows the firms to extend their reach beyond the shop, and to offer a wider range of products than they are able to within the confines of a retail outlet. Catalogues can therefore become important elements in creating a company's image and conveying to customers information about their trading style. Thus, the Richer Sounds' catalogue attempts to convey the informal style of the firm's shops through bright colours, cartoons and an urgent layout, while the firm's product knowledge and quality is emphasised by reviews and comments from respected trade magazines.

Similarly, fashion footwear retailer Schuh published a special issue of fashion magazine M8, which highlighted the company's youth orientation by associating it with the M8's target market and coverage of the music and club scenes. Games Workshop takes a different approach by publishing its own magazine, "White Dwarf", a strategy which also builds on the company's aim to create and supply everything for an entire hobby. "White Dwarf" enable the firm to communicate with its customers by providing information about products, advice on games, stories and articles based around the same Tolkeinesque world in which the hobby is set. In this way, Games Workshop develops the image of a club rather than a shop. To meet production costs the magazine is sold both in company stores and newsagents, which also serves to extend the company's reach beyond its shops and to give the magazine credibility as a professional production.

Catalogues and magazines provide an important way of extending the reach of the company beyond the store, reinforcing the brand, and developing customer loyalty by becoming a feature of consumers' lifestyles. However, several FGRs have adopted other strategies to fulfil these criteria including organising events. Games Workshop keeps its shops open late or on Sundays and arranges gaming evenings and tournaments, as well as sessions to teach gaming rules and making the game figures. By contrast, Hammicks has used events to emphasise the importance of books and to position the firm as a cornerstone of the community. To achieve this the company was a key player instigating World Book Day, and has developed promotional ideas around this event:

"*... last World Book Day in April, the 23rd of April, Shakespeare's birth, we mailed one pound off vouchers to school children in 250 schools ... The head teachers distributed [the vouchers] and the children brought them into our shops, and the sales went up by 31% ... As a result of that, next year on the 23rd of April, World Book Day, the Department of Education and Employment together with all the booksellers and publishers in the country will put one pound vouchers into every single school childs' hand in this country, and there will be a nation-wide campaign, but we started that.*"

Trevor Ghoul-Wheeker, Hammicks. Research interview.

The role of technology in the promotion of FGRs is also relevant in terms of the internet. Although relatively few companies are currently pursuing strategies for being able to sell products from the Web, around half of the study firms already have, or are in the process of developing, Websites. However, many such sites are currently promotional and brand-building tools rather than a sales medium. For example, Thorntons has started to realise the internet's potential by developing a dinosaur- and fossil-themed site to complement a similarly-themed range of new children's chocolates[1]. The site seeks to provide information about the topic, and to engage users through its interactive nature. The company's internet strategy therefore develops the notion of selling a product by offering an experience that engages the customer through a medium other than the products.

The advertising and promotional tactics used by FGRs therefore extend beyond the basic use of traditional media such as newspapers and television. Many of the innovative marketing strategies adopted are as much about building the retail brand and customer loyalty as the specific products which are sold. In this way the firms can hope to develop a long-term customer base. It also reflects the fact that price has become an increasingly insignificant point of differentiation between retailers.

[1] The Website described related to a specific marketing campaign which was being planned at the time the research interview was carried out in 1997.

5.4.4 Summary

Fast growth is not the automatic outcome of developing a retail format and picking a growth strategy; success is dependent upon the tailoring of these various aspects to the specific market and thereby creating a market niche. Indeed, to achieve ongoing success and growth, a retailer must develop ways of monitoring the marketplace. FGRs have developed a range of formal and informal methods of collecting market data. EPoS data, in particular, forms a core of many FGRs' strategies for collecting market data. Firms use this information in three principal ways: to improve the company's internal efficiency, for example, by establishing just-in-time systems; to tailor the retail format to the changing tastes of consumers; and to identify specific customer types to be targeted by the firm's marketing.

5.5 **Conclusions:** Achieving Retail Fast Growth

Achieving and sustaining fast growth in the retail sector requires both a desire to grow a firm and an understanding of why growth is required. Evidence from the FGRs included in this study reveals that firms have adopted a variety of different growth strategies to achieve particular aims. Different strategies have also been appropriate for different stages in the companies' development. For example, firms in expanding markets have used those strategies which achieve the most rapid rates of expansion, such as acquisition or franchising, to avoid being the victim in a process of market consolidation. By contrast, other FGRs have used franchising as a way of expanding the firm's locational possibilities beyond those areas which could support a company store.

The process of company growth places considerable pressure on the internal structure of the company. Systems are required to cope both with the operational needs of the firm and to ensure that staff and management can also make the transition from working in a small firm to being part of a much larger one. Thus, in order to achieve fast growth over a sustained period, FGRs have adopted internal strategies which formalise procedures and establish lines of communication between different parts of the company. In this respect, the sample firms highlight the interwoven nature of company culture, as perceived by staff, and the retail brand, as seen by customers. The need for the firm to have a clearly defined image is thus central to its success both in terms of market positioning and internal operations.

Central to the definition of an FGR (see Chapter 3) is the idea that the growth is an ongoing occurrence. In order to be classified as an FGR a company must therefore find ways of maintaining a significant competitive edge over the competition. The companies included in this study achieve this by developing a dialogue with the marketplace. A range of formal and informal methods of collecting market data are used, with a particular emphasis being placed on the use of EPoS systems. The data collected forms the basis of format evolution, internal strategies and marketing.

The complexities of motivations and market scenarios explored in this chapter reveal that the decision to grow is not simply concerned with the desire to be biggest, best and most profitable. Rather the desire for, and the planning of, growth is shaped by a range of specific strategic aims and market requirements. In the following chapters the locational expression of retailers' growth strategies is considered as a variety of geographical scales, including the use of internal store space as well as the broader national and local scales. These issues are considered in turn in Chapters 6 and 7.

6
LOCATION STRATEGIES AND CHANGING RETAIL LANDSCAPES

6.1 Patterns of Geographical Expansion

6.1.1 Introduction

Whilst location is widely acknowledged as a critical theme within retail studies, the focus has tended to be on the selection of individual sites rather than on the broader patterns of national expansion (Bennison *et al*, 1995). However, individual stores are not opened in isolation of each other, but reflect more complex processes including:

"*... the juxtaposition of the spatial characteristics of the market with the overall corporate and market goals of the firms*"

(Ghosh and McLafferty, 1987; p.1)

The particular relevance of network-expansion strategies to this study is emphasised by the fact that most FGRs (Fast Growth Retailers) have achieved growth via aggressive store opening programmes (see Chapter 5). Bennison *et al* (1995) characterise the store network expansion programmes as the physical manifestation of otherwise intangible corporate strategies. Likewise, Mercurio (1984) suggests that:

"*... a store location strategy is the planned physical expansion of a retail chain ... it is a method for meeting prescribed company growth objectives.*"

(Mercurio, 1984; p.238)

The key questions to be addressed in this section therefore concern: where FGRs open outlets in relation to their existing store portfolio, what factors influence the pattern of expansion, and how patterns of expansion interrelate with FGRs' motivations and strategies for growth. Later sections address similar issues in relation to the local, rather than national, scale. This chapter places emphasis on the way in which FGRs are changing the physical retail environment by modifying existing shopping areas and pioneering new retail sites.

6.1.2 Site Selection and Network Expansion

Having traditionally adopted informal methods and rules-of-thumb, retailers are increasingly seeking more rigorous methods of making the site selection decision. Bowlby *et al* (1984) and Breheny (1983; 1988) identify four key reasons for this (Table 6.1) which broadly relate to the need to be more competitive in the face of the threat posed by rising numbers of competitors. Berry and Parr (1988) propose a similar model, which identifies three key phases of market area selection, identification of feasible sites, and site selection. While both models maintain the focus on site selection, rather than network development, Breheny (1983) notes that individual stores must be seen in the context of the broader trading environment. Breheny (1988) also suggests that individual outlets can be better integrated within an outlet network if their performance is monitored on an ongoing basis. However, little consideration is given in the literature to the manner in which a chain develops in spatial terms, or the relationship between this process and firms' growth strategies.

Bennison *et al* (1995) produce a six-part categorisation of the geographical expansion of retailers (Table 6.2). Whilst certain categories maintain an emphasis on the individual store, they are explained in the broader context of retail strategy. In particular, the concepts of contagious and hierarchical expansion are of interest as both clearly relate the location of all units in a store portfolio to the firm's operational and strategic considerations.

Table 6.1 The Need for Rigorous Locational Decsion Making	
1. The 'easy' sites go first	As chains grow they pick the obvious sites first, then need more complex methods to identify other suitable locations
2. Experience has become a less reliable guide	The pace of retail change has brought a whole range of new retail forms and locations of which retailers have no prior experience
3. The cost of mistakes	More complex formats and extensive outlet networks are raising the costs of making mistakes
4. The pressure to invest in new outlets	To remain attractive and competitive in current the retail climate requires more expensive formats
Source Bowlby *et al* (1984); Breheny (1988)	

Bennison *et al*'s (1995) model suggests that contagious growth is more suited to younger firms and involves the gradual evolution of a network away from a focal point, representing the start-up location. This pattern represents a response to a variety of operational factors including risk attached to opening in totally new areas due to a lack of local knowledge, and economies of scale associated with ease of distribution, local advertising and management control (Sparks, 1990; Bennison *et al*, 1995). By contrast, the model suggests that hierarchical growth is more applicable to mature organisations (Bennison *et al*, 1995).

FGRs included in this study both support, and elaborate on the overall categorisation produced by Bennison *et al* (1995). For example, mature FGRs, such as Thorntons, often already have established nation-wide chains and are consequently unable to expand via contagion. By contrast, young firms, such as Dawn Til Dusk, often have a more limited number of outlets; in this case the company has found distribution costs have made contagion the most economically viable method of expansion.

Table 6.2	The Geographical Expansion of Retailers
1. Contagion	• Applicable to earliest stages of organisational growth • Used to reduce risk and uncertainty of entering unfamiliar markets • Financial and logistic rationales relating to economies of scale in distribution, advertising and management
2. Hierarchy	• Applicable to maturing organisations • Store openings focused on a certain level of centre within the urban hierarchy • Supermarkets moved up the urban hierarchy in terms of catchment area as they matured (Bennison *et al*, 1995)
3. Defence, Aggression	• Use of outlets to defend a market against competitors • Need to out-manoeuvre competitors, or preempt others
4. Avoidance, Collusion	• Positioning of stores to avoid competitors • Some evidence that retail organisations may collude in location planning in order to control the amount of competition in an area
5. Acquisition	• May be used to extend geographical coverage e.g. obtain stores in a particular area currently under represented in the acquiring firm's portfolio
6. Outlet Segmentation	• Niche strategy to focus on needs of a particular target customer group, as a way of responding to pressure from other retail formats
Source Bennison *etal* (1995); Sparks, 1990; Laulajainen, 1987; Lord, 1992	

However, Bennison *et al's* (1995) model could be criticised for not appreciating the role of franchising, which intrinsically links growth aspirations with particular locational strategies (see also Chapter 5). FGRs also reveal a number of variations of both the contagious and hierarchical forms of expansion, the nature of which relates to individual companies' growth motivations and strategies. In the following sections a four-stage categorisation is proposed. The categories selected seek to reconcile FGRs' patterns of geographical expansion with the strategic conditions influencing the decision-making process.

6.1.2 Contagious Expansion: The Ripple Effect

The majority of firms included in this study are relatively young (see Chapter 3) and it might therefore be expected, following Bennison *et al*'s (1995) model, that they would tend to adopt a process of contagious expansion. However, only one-third of the FGRs have grown in this way. Moreover, the FGR sample reveals three versions of contagious development: linear, starburst, and concentric ring formations. In each case the company headquarters acts as the focus, or 'starting point', of expansion.

Expansion on the basis of concentric rings most closely resembles the strategy described by Bennison *et al* (1995). In this instance the outlet network develops progressively away from the starting-point in all directions. Thus, Majestic Wine is gradually spreading west and north from its London base. Likewise JJB Sports is rippling out from its Wigan base, reflecting distribution considerations, also identified as relevant by Bennison *et al* (1995):

"To expand you've got to ripple away ... So there is no way we would do Aberdeen until we had done Glasgow. And if that meant we lost Aberdeen, didn't get that opportunity, then so be it because it was not logical to have travelled all that distance to service one shop"

Barry Dunn, JJB Sports. Research interview.

A second form of contagious expansion includes those firms expanding along linear paths. In such cases operational considerations, including distribution and management factors, are again paramount; this therefore provides further support for Bennison *et al's* (1995) model. For example, Finlay Scott (Aroma) highlights both the logistics of distribution and ease of management control as being primary reasons for adopting a geographically linear development path:

"As far as geography is concerned, we are limited by the logistic demands of delivering fresh produce each day to a store ... it means that our expansion plans will go along corridors of motorways. So if we were to go up the M1, we would be looking at Watford, Luton, Leicester, Nottingham, up. We wouldn't look at Exeter, at Brighton, Dover, Bristol, because that would be a starburst - and it's only sensible to send a van up one route instead of multiple routes."

Finlay Scott, Aroma. Research interview.

Scott introduces a third form of contagious development, which he calls a starburst formation, whereby growth occurs along several linear paths simultaneously. Such a pattern is adopted by Furniture Village, which does not identify distribution as a particular locational constraint. In this case the firm has decentralised warehousing to individual stores and, because most deliveries are specific customer orders, has thus shifted the burden of distribution to suppliers. Despite this, the low purchase frequency of items of furniture and the desire for close management control still mean that easy access for customers, and good road links with the company head-office, are essential. The management issue is further emphasised by the fact that founder Peter Harrison splits his time between offices in the Abingdon and Slough stores, whilst co-founder David Imry is based at the Southampton shop. The company stores have therefore adopted a starburst formation, radiating off along principal motorway routes, around the main office.

The contagious growth model might be assumed to imply that expansion would always occur outwards from a company's headquarters. The model implies that step-by-step expansion in this manner allows the retailer to better handle uncertainty, by maintaining tighter controls, and providing opportunities to obtain economies of scale. However, around one-third of FGRs split their administrative and distribution functions between two separate sites. Examples of dual-location firms include furniture retailers, such as Uno and H&C, which have decentralised warehouse functions to the individual stores. In addition around 90% of London-headquartered FGRs separate administration and distribution facilities. The London anomaly reflects land costs, land availability and access issues associated with sites in the city.

However, the city maintains an attraction for FGR's administrative bases both through proximity to business services and the Capital's prestige and retail dynamism.

6.1.3 Regional Expansion

Whilst a selection of FGRs have followed the contagious model, echoing the work of Bennison *et al* (1995), a second set, also constituting approximately one-third of the sample, have adopted a regionally-based expansion strategy. Regional expansion strategies, like contagious strategies, are characterised by the spatial proximity of stores in an FGR's network. It might therefore be expected that the same issues of local knowledge, ease of management and distribution would again be of relevance and that the differences between patterns of regional and contagious expansion therefore reflect FGR's differing growth priorities.

Two principal forms of regional expansion can be identified. The first group involves regional clustering, whereby groups of shops are established in local clusters around the country. Both Matalan and Uno have adopted a regional-cluster strategy approach, which, in both cases reflects maturing outlet networks and the need for good management communication:

"All Uno stores are self contained in distribution terms, so there were no inhibiting factors to growth other than the management logistics of saying, right how long is it going to take my area manager to get there?"

Paul Rosenblatt, Uno. Research interview.

Unlike FGRs which adopt a starburst formation and tend to have a limited number of stores, Uno and Matalan operate larger store networks. The companies therefore sites several, rather than just one, store at the end of a linear path. A more developed managerial hierarchy often follows, which includes area managers with responsibility for particular store clusters. The formation maintains good communications both between stores under the control of a regional manager, and with HQ and suppliers via the motorway network.

The case of Hammicks has already been identified as developing a regional cluster pattern (see Chapter 5) in response to operation concerns associated with the firm's franchise-based growth strategy. Company-owned stores are used as centres of excellence, providing staff training and an example of what a Hammicks store should look and trade like. Spatial proximity of franchise stores to particular company-owned units is therefore important in relation to specific managerial and growth related aims.

A second group of firms expanding on a regional basis includes those which have sought to achieve regional saturation by focusing store development within a specific geographical area. For example, market specific considerations have focused growth of the coffee house sector in London, reflecting Bennison *et al's* (1995) third category of locational considerations relating to defence and aggression. In this case, the need to establish a market presence has had a profound spatial impact in that London has been the initial focus of considerable store development programmes. The focus on one market reflects both the need to maintain a high profile in the brand-orientated sector and the scope for growth in that particular market:

"When you are from a place like Seattle, when you see four or five coffee operators all on the same block, there is a lot of room for growth."

Allyson Svenson, Seattle Coffee. Research interview.

By contrast, Dawn Til Dusk's regional saturation of the North West is a product of distribution considerations, and the capacity of the existing warehouse facilities. Rather than enlarge this facility, the company has chosen to expand further via the acquisition of other regionally based chains (see Chapter 5). Again the path of expansion and the principal growth strategy are tightly interwoven.

Vision Express and Friday-Ad also highlight the need for a close relationship between growth strategy and the pattern of network expansion. Vision Express adopted a growth strategy based on television advertising which had proved successful for the founder's previous venture, LensCrafters:

"Television advertising ... has been the only thing that has ever really worked in this business because the product we sell has no inherent consumer interest ... it is almost a grudge purchase, it is for some people. So you wind up in a situation where nobody listens to what you have to say, so print's worthless because people just turn the page, and radio is background ... So you've got to have the words and pictures of television to make any impact at all."

Dean Butler, Vision Express. Research interview.

A belief in the importance of television advertising to the optical market has therefore led the company to expand on the basis of local television areas. Friday-Ad has adopted a similar strategy of expanding on the basis of regional saturation; the company has opened a number of stores in one area before moving on to the next, by integrating strategies across the firm's dual activity (retailing and publishing) structure (see Chapter 4). The shops have been used as public-access points for customers to deposit adverts for the paper, while the company's retail expansion has followed the pattern established to best serve the needs of the firm's community-orientated free-ads paper.

6.1.4 Hierarchical Expansion

Bennison *et al* (1995) suggest that more mature retail organisations will extend their geographical coverage by focusing on specific settlement types within the urban hierarchy. Although FGRs included in this study include some more mature firms, this group does not wholly bear out Bennison *et al's* (1995) hypothesis. While the majority of mature FGRs do adopt a hierarchical model, a significant minority do not. For example, Hammicks has specifically developed a franchise-based regional-cluster strategy. Likewise there are young FGRs, such as Ted Baker, which have initiated expansion on the hierarchical model from start-up.

The majority of firms adopting a hierarchical location programme do so simply because they believe their retail format requires a given local population in order to thrive. This figure may be derived from market data generated from initial stores, using techniques described in Chapter 5. In some cases retailers may also add socio-economic or lifestyle variables to subdivide the market further and draw up a priority list of desired locations.

Despite Bowlby *et al's* (1984) claim that location selection is becoming increasingly rigorous, many entrepreneurial FGRs still put great store in 'gut feel'. This technique is often associated with limited resources, or as a preliminary to more substantial techniques (Jones and Mock, 1984; Breheny, 1988). However, in a variety of cases it is also a reflection of the entrepreneurs' desire to influence all parts of the business and their confidence in their own experience and ability. Where opportunistic site selection does occur, it is often within the broad framework of a demographic or socio-economic hierarchical model. For example, both Ted Baker and Schuh have developed limited outlet networks. This reflects their desire to both maintain the exclusivity of fashion-based brands and to make the stores destinations which will draw customers from a wide area. As such, the firms locate in towns of a certain size but add their own market based criteria:

"[We trade] in the major fashion centres: Glasgow, Manchester, Leeds, Nottingham, Liverpool, two in London ..."

Lindsey Page, Ted Baker. Research interview.

"We have almost run out of places now, but usually we need two football teams in a top division, a high student population helps, a number of university campuses would be useful."

Terry Racionzer, Schuh. Research interview.

The booksellers Ottakars is another example of a young company which has adopted a hierarchical approach as an integral element of their growth and market positioning strategies from start-up. In this case, the company has identified a perceived gap in the market for a 'proper' bookshop in market towns. Currently such locations tend to be served by mixed goods retailers such as WH Smith, and have not yet been the focus of attention from the likes of Waterstones and Dillons. Ottakars has therefore identified a hierarchy-based market opportunity to achieve rapid growth, which enables the firm to establish itself by initially avoiding direct competition with larger book specialists.

6.1.5 A Dynamic Model

Although FGRs display characteristics identified in the growth models discussed in the previous sections, the models fail to capture the complexities, and dynamic nature, of network expansion fully. In reality, as FGRs expand their outlet networks they progress from one model to another; only firms which adopt a hierarchical expansion strategy early in their development are unlikely to evolve the model. While hierarchical expansion is one of several growth options for a young firm, as the network matures and a broad national presence is obtained, it becomes less possible to expand on a regional or contagious basis. At this stage site selection becomes focused on the individual store and matching the format to local market criteria; this process results in a hierarchical pattern.

Retailers which initially expand through contagion or regional expansion may impose further demographic or hierarchical site-selection criteria within this model and do often evolve their location strategy over time. Thus, companies expanding via regional saturation, such as Vision Express and Friday-Ad, may only locate in certain types of town but achieve national representation on a region by region basis; indeed such a strategy may also include an element of contagion, although this need not be the case.

Evidence from FGRs suggests that firms initially expanding on the basis of the ripple effect will not develop later on a regional model. However, the reverse may occur. In particular, a number of firms have established themselves by developing a regional focus on London, before adopting a different strategy outside that market. For example, Aroma pursued a strategy of linear expansion, having initially targeted the London market. Likewise, Majestic Wine, having built its reputation in the South East, is now expanding by rippling outwards, west and north, and has most recently opened a number of stores in Scotland.

The reasons for adopting multiple strategies relate to changing priorities as growth targets are re-evaluated. The need to build a reputation and market presence has already been highlighted as central to the regional saturation strategy adopted by the coffee house retailers. However, as Aroma demonstrates, once the decision to move outside a specific region is taken, different priorities including distribution and management considerations have taken over and encouraged linear expansion beyond that regional market. By contrast, The Pier's initial focus on the South East reflected the firm's limited distribution capabilities and a desire to maintain control by building a store network within easy reach of the head office. However, following the company's move to upgraded head office and distribution facilities these concerns became less important. Distribution in particular was considered an insignificant locational constraint because of the proximity of the HQ to independent distribution contractors, which has helped the company to be more flexible and consequently opportunistic, about obtaining 'appropriate' sites. Following the move to Abingdon, the company therefore quickly opened stores in Bristol, Bath, and Glasgow:

"[The Glasgow deal] is known in property circles as **the** *deal of 1996, because it was just a fantastic opportunity to get a very good location, which is going to become a lot better and probably render it unaffordable in the long term. But never mind it will get us established in Glasgow, and then we will flog it and move round the corner ... When [distribution] costs 100 pounds a week to send goods up there, it is not a factor that is going to govern whether you locate in Glasgow or not."*

Alison Richards, The Pier. Research interview

The ability to be able to pick and choose sites on an opportunistic basis is considered very important by some fast growth entrepreneurs. For example, Paul Rosenblatt (Uno) has tailored the Uno format specifically to allow such a strategy:

"I didn't want to have to develop by region because it would slow me down at Uno. So I stand alone; my marketing mix, my media mix, advertising mix, works on a local basis. So whether I am in Timbuktu, Edinburgh, Southampton, London, Cardiff, I don't have a problem"

Paul Rosenblatt, Uno. Research interview.

However, an opportunistic strategy may also evolve over time as company growth and outlet expansion introduce constraints such as distribution and management control. For example, the regional clustering approach taken by Matalan has evolved from an initially more opportunistic strategy:

"Straight away it was, we'll try one here, and we'll try one here. And that strategy has evolved over the ten years to a point where now, yes, there's a great density of stores in the North West, a great density in the Midlands, and we are beginning to increase the number of stores in the North East."

John Garnett, Matalan. Research interview.

It should be noted that particular modes of network expansion are also related to the perceived target number of stores a company aims to open. For example, those retailers which seek a national presence, but have a format suited to a limited number of stores, such as Ted Baker, will be less likely to view distribution as a constraint. Thus, while Alison Richards (The Pier) operates a fairly limited outlet network and does not consider Glasgow to be an impossible location, JJB Sports' larger network aspirations have prompted the firm to expand on the basis of ripples.

6.1.6 Summary

FGRs demonstrate that there are a relatively small number of distinct patterns of expansion and that the model assumed by a particular firm relates to a range of broad strategic issues. In addition to 'traditional' location determinants, such as distribution and costs, FGRs demonstrate that there are format specific issues, brand-building concerns, advertising issues, and aspects of the relationship between different parts of the company which determine the pattern of expansion. FGRs demonstrate that the strategic choices relating to the expansion of the outlet network are an integral part of a company's broader growth strategies. As such the nature of outlet expansion also changes over time as the business evolves and grows.

6.2 Retailer Growth and Local Location Change

6.2.1 Introduction: Seeking a Suitable Site

There are two key elements to the locational decision-making process associated with network expansion. The first, considered in previous sections, concerns the pattern of growth at the national scale. The second, considered in the following sections, relates to the local scale. Whilst location is a central concern of retail geography, the lack of material focusing on growing retail businesses means little attempt has been made to understand how the locational decision-making process at the local scale interacts with a firm's growth strategies.

In this section the following questions are addressed: What factors are relevant to individual retailers' site selection process at the local scale? How is the local-level location-decision instrumental in establishing a retailers' market positioning, and is thus used to further a firm's growth? And, what impact do individual retailer's decisions have on change in the broader retail environment? Whilst a range of local-location based issues are relevant to all retailers, the increasing diversity of locational choices open to retailers (see Chapter 1) has also introduced a variety of site-specific issues. Consequently, in this section more traditional retail locations are made the focus of attention, while sections 6.3 and 6.4 focus more particularly on retail landscapes of retail parks and alternative consumption sites respectively which have emerged more recently.

Retailers make local site selection decisions on the basis of a range of criteria which broadly relate to either demand circumstances or supply-side conditions. Jones and Simmons (1990) suggest that demand conditions, such as the market size and consumer lifestyle choices, tend to be more important to independent retailers, whilst chains are more concerned with supply-side factors, such as rent and traffic.

Rent in particular is cited as a central factor determining a retailer's choice of site (Jones and Simmons, 1990; Guy, 1994). Before a new shop is acquired, the retailer must be able to justify the rent being asked in terms of the expected level of yield (Guy, 1994). This in turn echoes the approach taken in traditional retail studies (see Chapter 2), whereby a patterns of rents was seen to develop around the most accessible point of a retail district. By graphing rental levels against pedestrian flow, a series of bid-rent curves could be drawn relating to the ability of retailers in particular sectors to pay particular rental levels on the basis of demand.

Although rent is undoubtedly an important consideration for contemporary retailers, the bid-rent curve fails to appreciate the complexities of the modern retail environment. For example, there is an implicit suggestion within the bid-rent model that all retail chains want to locate at the most accessible point in a city centre, but cannot only because demand will not support rental costs at that location. By the same token, this implies that a retail format is created for which a suitable location which can support the concept is sought. By contrast, Jones and Simmons (1990) suggest that independent retailers evolve their particular format in relation to the sites available.

A retailer's choice of location is also affected by the relative locations of other retail firms (Jones and Simmons, 1990). This may be relevant in two principle scenarios. First, retailers may seek a particular location type to defend their own market positioning, or as a pre-emptive strategy to out-manoeuvre a competitor. Second, certain locations may be sought either to avoid, or be near a particular retailer and, or competitor (Benison *et al*, 1995). However, little indication is given in the literature of the circumstances under which each may occur.

FGRs highlight a number of considerations to be taken into account in relation to location selection, which are explored further in the following sections. First, not all FGRs seek prime, city centre locations. Those which do have often adapted themselves to soften the impact of the higher rental costs. Second, FGRs have developed local-level location selection strategies in conjunction with market positioning strategies, which are profoundly impacting on the choice of store sites. Third, FGRs not only select locations in response to their retail format's requirements, but also develop formats to suit particular locations as a way to broaden their market appeal. Fourth, FGRs provide a variety of examples of the importance of neighbouring stores to retail success.

6.2.2 Primary Versus Secondary Locations

Of the 30 companies participating in this study, 21 operate stores primarily in small-format city-centre locations [1]. Fifteen of these firms tend to seek sites which

[1] JJB also operate some shed units and is included. Furniture Village has a subsidiary operation (The London Bedding Company) which operates some city centre stores and is not included.

could be described as being prime or on-pitch; the other six tend to take secondary locations outside the primary shopping area[2]. The remaining nine FGRs are large-format and out-of-town retailers.

The desire of retailers to trade in primary locations reflects many of the ideas associated with the bid-rent curve concept; for example, accessibility and the generation of high footfall levels are important. Thus, proximity to large established retailers, such as Marks and Spencer, remains a regularly-cited definition of a primary location. Consequently UK city-centre retailing occurs in well-defined areas. This means that for companies where prime locations are important, site selection is a relatively simple process, as noted by the American founder of Vision Express, Dean Butler:

"The UK is really easy to sort in [terms of location] ... You can actually travel around the country, and you wouldn't have to be all that smart about it, and could figure out exactly where you need to be. The shopping venues in this country are clear and well defined. You go to Nottingham, if I turned you loose in Nottingham for one hour, you would know where to go ... you walk around and there is the city centre, and that is where everybody is. So that's where if you can secure space, that is where you are going to go."

Dean Butler, Vision Express. Research interview.

Although accessibility and footfall are key site-selection criteria for many prime-locating retailers, other considerations may also be important. Prime locations may be sought out for promotional reasons on account of their high consumer visibility. Moore and Fernie (1998) note that high-fashion brands often operate loss making flagship stores in prime locations as a way of promoting the company beyond that immediate marketplace. Lower down the fashion spectrum, street-fashion footwear retailer Schuh adopts a similar attitude. Whilst its product brand focus could make it a destination store, which need not take the most prominent and expensive

[2] On-pitch retailers include 4 coffee house / sandwich bar chains which also adopt a wide range of standard and non-standard High Street locations, primarily in the London market.

locations, the company nonetheless does so, seeing the higher rents incurred as promotional costs:

"... if you do a lot of media advertising ... you need a national network of shops to justify that. Now hitherto we haven't had that. Its only in more recent times that we've begun to get national coverage, where some of the media might pay off for us ... Most of our retail sites are prime high street locations, very noticeable, and we do a lot of work trying to present a bit of excitement, a bit of a sort of 'wow!' factor in the windows. It could be argued that the additional amount we pay in rent for these prime shops is the same money that other people might spend on advertising and promotion."

Terry Racionzer, Schuh. Research interview.

In the case of Schuh and Ted Baker, the firms have been able to develop a trading style that enables promotional and rental costs to be traded off against each other. Rent also provides the motivation for other FGRs to tailor their retail formats to trade successfully in cheaper secondary locations: six firms included in this study locate in off-pitch sites, half of which suggest that rent was the motivating factor.

Games Workshop has attempted to become a destination store, sought out by target customers, but has recognised that the nature of its market means that accessibility is still relevant. The firm's core market is children, many of whom shop at the same time as their parents. The company therefore needs to find sites close to the principal shopping areas in towns, where parents feel they can leave their children in safety whilst they shop elsewhere. In order to achieve a situation where the firm can successfully trade outside the main shopping zone, it has developed its format as an entire hobby and thus the shops are assigned the role of a clubhouse. A number of in-store features are combined with the product selection, company magazine, and staff-based customer-service strategies to ensure that the shops do become true destinations. The company is thus able to generate trade and grow, despite not being in prime locations (see Chapter 7).

The Pier has also adopted a strategy of attempting to become a destination store by building of a strong retail brand (see Chapter 5). The company therefore develops a certain amount of footfall on its own, and is able to locate in secondary sites. Like Games Workshop, the locations selected are on the edge of the primary shopping area, rather entirely separated from it, reflecting the on-going importance of the city centre as a highly accessible location. However, rental levels are again the key consideration in the choice of an off-pitch site. The Pier further evolves the secondary-location strategy by capitalising not only on the decline in land values away from the city centre at ground level, but also on the vertical depreciation effect. The company therefore also seeks sites with large first floor space:

"*...a quality secondary location is now fundamentally what we look for ... I look for either clever prime sites where we have got minimal ground floor and a bigger secondary level, or a quality secondary site...*"

Alison Richards, The Pier. Research interview.

Richer Sounds has also sought out cheaper secondary locations by developing destination stores and a strong retail brand on the basis of an innovative informal format, product knowledge of the staff and a customer-service based reputation. A further key aspect to being able to trade in secondary locations for Richer Sounds, is the acquisition of prominent buildings. Unlike The Pier and Games Workshop, Richer Sounds does not necessarily try to attach itself to the edge of the main shopping area, but may choose a stand-alone site away from other shops. By deliberately locating in striking or prominent buildings, Richer Sounds' strategy is more akin to that of Schuh, where the shops themselves form an important element in the marketing of the company.

A further group of retailers which has specifically sought out secondary locations include convenience store chains such as Dawn Til Dusk and Morning, Noon and Night. In these cases the retail concept requires a 'local' location. Community is therefore also the central element in convenience-store location. This is also the case with Friday-Ad, the ethos of which is rooted in serving different communities and groups. Store locations are consequently sought in the optimum location to access these groups, rather than being positioned simply to catch the passing trade in the city centre.

6.2.3 Location and Format Evolution

Implicit within the bid-rent model is the notion that a retail firm will locate as close to the city centre as demand will allow. However, Jones and Simmons (1990) suggest, in contrast to the bid-rent model, that independent retailers will identify an available site and then develop a retail format which can trade successfully in that location. FGRs echo this suggestion. For example, Richer Sounds and Majestic Wine do not seek locations as near to the city centre as possible. Instead they have specifically sought out non-central and secondary locations where other site specific criteria mean the formats will trade successfully. In both cases prominent buildings on main roads are sought, while Majestic also seeks locations which are near the more upmarket residential areas in which its target customers live.

In other cases FGRs have developed retail formats in response to location-based market opportunities. For example, Furniture Village identified a gap in the market for an out-of-town shed-style retailer with the product-quality and customer-service values of a traditional city centre department store. Similarly the unconsolidated nature of the pets and carpets markets presented an opportunity for firms to achieve success in an out-of-town category killer style store. Rather than follow the traditional style of retailing in these sectors, Carpetright and Pet City identified out-of-town locations and developed a format suitable to these sites.

Developing the format to match a locational opportunity also presents another way for FGRs to reduce locational costs. While The Pier has developed a brand-based destination format to ensure success in a specific type of secondary location, Seattle Coffee has, by contrast, developed a range of variations on the basic store format to suit a range of location types.

"I did 'creating an experience' for all sorts of people ... Its something for everyone, and we try to reflect that, some of our stores have nice leather furnishings, others are city based, different queuing systems, two tills, really fast paced ... We have some that are kiosks, small and we have others that are a much bigger cafe format. The beauty of this concept is that it can fit into so many different places. Our residential cafes have been working very well, our city based stores, then we are in shopping areas, airports, book store cafes, the whole gamut."

Allyson Svenson, Seattle Coffee Company. Research interview.

By successfully developing a core format which can be modified for a range of locations, suited to different lifestyle or activity choices, the company has extended its growth potential. However, the coffee house retailers present a potentially unique scenario in that the ubiquity of their establishments, which is both part of their appeal and central to their ability to build a retail brand (see Chapter 5), means the firm would be unlikely to achieve success by restricting itself to one location type.

6.2.4 Neighbours

Local-level location selection must also be considered in terms of a retailer's position in relation to other retailers and competitors (Jones and Simmons, 1990). Bennison *et al* (1995), as suggested in the previous section, identify two sets of circumstances in which neighbouring retailers might be relevant location considerations (see Table 6.2). This includes defensive or aggressive posturing when entering or protecting a particular market and avoidance of, or collusion between, particular retailers.

Not all retailers are concerned about their potential neighbours. Retailers which have specifically developed formats as stand-alone destination stores and also retailers seeking prime city centre locations, where a multitude of retailers and retail types are already represented, do not identify neighbours as a significant factor in the location decision.

"We are quite happy to trade next to competition, because that creates a bigger destination. Equally, that can work for you and against you ... in the types and places we trade, which is big cities. Most of the national names are there, you know I could stick myself next to the city centre McDonalds and I would be quite happy."

Terry Racionzer, Schuh. Research interview.

Those firms which state that they attempt to avoid other retailers account for approximately 20% of the FGR sample. Although it might be expected that these FGRs would attempt to avoid direct competitors in particular (Laulajainen and Gadde, 1986), this is, in fact, true only in the case of Pets At Home and Petsmart. These firms believe the market is not yet big enough to support both firms' stores when they are located in close proximity to each other:

"If we are in a town and very close to each other then neither business does quite as well as if they had it entirely to themselves. But we have the relative luxury of being in a market that we are able by our presence to grow.... what happens when either we are there first and they open or vice-versa, is that turnover of the one, I mean in our case turnover will drop 10 or 15 percent, it will build back up over 12 months and then grow at a bit slower rate than it otherwise would."

Anthony Preston, Pets At Home. Research interview.

Convenience-store retailers also seek to avoid their competitors. Firms, such as Dawn Til Dusk, which build their positioning around a local convenience-based location are unable to match the prices of the large scale supermarkets, which benefit both from economies of scale and being able to exert their power on suppliers (Wrigley, 1993). Consequently the firm does not locate in areas near other foodstores.

Although a minority of FGRs seek locations away from other particular firms, most of these examples do not relate to avoiding direct competitors. The threat of neighbouring firms is instead perceived to relate to the undermining of the firm's market positioning and ability to target customers. For example, Carpetright tends to avoid out-of-town retailers in the sports and shoes sectors. The company, which suggests that carpet shopping is a planned activity, does not want customers distracted by temptations from retailers which benefit from more spontaneous purchases. While Carpetright seeks to use location to subdivide the market in terms of shopping activity, Furniture Village focuses on the demographic profile of customers. Furniture Village has developed a positioning aimed at middle income groups, which the company sees as being inconsistent with a location next to the likes of MFI, for example, which has a more down-market image.

The majority of FGRs for which neighbouring stores are a locational consideration identify firms they would like to be near, rather than those they wish to avoid. In all cases, except Focus DIY, preferred locational partners are in the same or similar product sectors. Focus DIY, conversely, is increasingly seeking to locate near supermarkets. The attraction of supermarkets lies in their accessibility and the footfall they generate, reflecting traditional advantages more commonly associated with city centre locations. However, Focus also uses the supermarkets target markets to segment its own market along demographic lines, reflecting the approach taken by Furniture Village. The evolution of the Focus format to the softer, home furnishings end of the DIY market has increasingly shifted the company's target market towards a family-orientated positioning. Focus are thus able to segment the market, and tailor their location strategy to their target customers by selecting supermarkets with similar demographic profiles to their own:

"... grocery retailing ... draws an awful lot of people to a retail site, but then its which one do you want to be next to ... we have the problem that because we class ourselves as a discount retailer, do we want to be next to the likes of Kwik Save which automatically eliminates you from certain people."

Shona Potter, Focus DIY. Research interview.

"We tend in the North to be Asda - Morrison linked, ... but we do have the odd Sainsbury and the odd Tesco ... In Middleton, North Manchester, we have gone in an old Homebase next to a Sainsbury which ... certainly does better with us than it did with Homebase."

Jim Lowe, Focus DIY. Research interview.

While Focus has sought retailers in an unrelated product market as neighbours because of market positioning concerns, other FGRs have responded to the same issue by clustering with competitors. Retailers serving similar product markets cluster together to create a specific destination for that product type. In market positioning terms, locating in proximity to other similar retailers both generates demand and increases footfall by attracting people interested in a particular product, and may again segment customers on demographic or lifestyle terms.

Fashion retailer Ted Baker tends to locate with other upscale fashion brands to attract customers shopping for clothes who are specifically interested in more exclusive branded products. Moore and Fernie (1998), note that it is important to create a 'buzz' in the fashion market and that clustering helps achieve this; by locating together, retailers are better able to draw attention to themselves and elevate the prominence of the whole sector. By contrast, sandwich chain Pret a Manger tends to cluster with other sandwich bars, because it demonstrates the existence of customer demand in that location:

"[Proximity to the competition] works as an advantage. If you see that there are a number of sandwich bars in an area ... then that will mean that it is a destination that people will come to, so it is a dead cert' that Pret will do well there"

Pret A Manger, Research interview.

Many FGRs choose to locate near retailers of complementary products. This is particularly prevalent in the DIY, home decorating and furnishings markets and can be seen as the other side of Carpetright's desire to avoid retailers in unrelated sectors. Shopping for home furnishings is characterised by retailers as being pre-planned.

However, consumers require a variety of different products to decorate a room. Thus suppliers of the various product types tend to trade well together.

"... so we are quite often close to Habitat, and they don't mind, in fact they wrote to a recent landlord, who turned me down in the end, saying they would prefer to have us as a next door tenant because they now realise that we trade very well alongside each other, because it gives people two reasons to go to that particular place. We are quite often alongside Heales, ... and Sofa Workshop also provides us with very good neighbours ... It's quite like the fashion guys who all like to be next to each other, I think its taken the furnishings people a very long time to realise that it is actually to our advantage."

Alison Richards, The Pier. Research interview.

The relationship with neighbouring stores has been used by FGRs not only in relation to market positioning, but also as part of a locational acquisition strategy. Bennison *et al* (1995) suggest that there is collusion between retail organisations in order to influence competition in a given region. FGRs provide some evidence to support this hypothesis, suggesting that by acting together they are able to bolster the value of their covenants, and increase their ability to secure the sites they want. The combined weight of retailers saying that either the whole group will take space in a particular retail park, or none will, means the firms can exert greater influence on rent negotiations whilst presenting landlords with a ready made array of big name retailers.

"On new parks I would almost guarantee that we would get on a new park, because we would go in with Carpetright, we'd go in with Curry's, we would go in with MFI as a consortium, so we get the space. The secondary people, the Essex Furniture, and the small companies, Furniture Village, would struggle to get on a park we all wanted to go on. So whilst its not a cartel, its bloody good for the landlord to have four or five Plc. covenants coming on rather than private companies ... If you look at most retail parks there are a number of us who are always there in a row ... I like to have another furniture or textiles retailer on the same park as us, and a DIY store, so that you can become a destination site for the home."

Rob Templeman, H&C Furnishings. Research interview.

However, it should be noted that whilst this strategy benefits cartel members, it presents a barrier to the growth of other firms; this reflects concerns raised by other FGRs, such as Uno (see Chapter 5).

6.2.5 Rent and Lease Agreements

The location selection procedure involves compromise; firms must trade off their strategic aims against the specific nature of the sites available. Rental levels in particular have been shown to be a significant factor, both in this study and the literature more generally, in determining the suitability of a given site (Jones and Simmons, 1990; Guy, 1994). However, the issue of rent needs to considered more specifically in the context of property leases, which provide landlords with considerable power to shape retailers' location strategies and the nature of retail formats. Comparison of the UK and USA is particularly useful in this respect because of the number of FGRs emulating American firms. This, in turn, reflects the suggestion made by several interviewees that the US retail environment in more conducive to the generation of innovative retail formats because of the nature of rent and lease structures.

The development of the US retail landscape has differed from the UK in several key respects which have served to encourage the generation of innovative retail formats. Teale (1988) notes that the US contains twice the floorspace per capita in traditional shopping areas, and nine times the floorspace per capita in purpose-built centres, of the UK. This has resulted from lower land values and lax planning controls in the USA in comparison with Britain, and the fact that the US initiated large-scale programmes of building purpose-built retail spaces 20 years before the UK. It has also resulted in developers being able to take greater risks with the nature of the centres they have built and charging comparatively lower rents compared with the UK (Guy, 1994). Indeed, it is suggested by Guy and Lord (1993) that UK rents are around four times those in the USA, a figure reconfirmed by Guy (1994). However, because conditions in the US suit the formation of innovative retail formats, developers are able to select a more varied range of tenants to create interesting and competitive centres.

Higher UK retail rents have, at the broad scale, produced a barrier to the emergence of successful independent retail firms. However, Guy (1994) notes that developers have imposed further barriers to smaller and innovative retailers as a consequence of trying to attract big-name anchor tenants. Preferential rental rates, or a share in a centre's financing and ownership, have been used as incentives to attract the large destination stores rather than to diversify the retail mix by aiding smaller innovative firms as a way of attracting customers. Thus anchor tenants, which are major space users often pay less per square foot than minor space-users, which include many FGRs. By contrast, malls in both America and Canada operate programmes to encourage the development of new entrepreneurial retail businesses (Egge and Gustafson, 1995). For example, the Mall of America's Entrepreneurship Partnership Programme (EPP) has given over twenty nascent retail entrepreneurs start-up assistance, including free store build-out and architectural costs, favourable lease terms, and on-going business advice (Egge and Gustafson, 1995). The EPP has both helped the establishment and growth of the participant firms and also broadened the appeal of the mall by introducing new, different and unusual retailers to the tenant mix.

The notion that the US environment is more conducive to the development of innovative retail formats is emphasised by UK FGR entrepreneurs such as Alison Richards (The Pier), who is in a particularly good position to draw comparisons because of The Pier's strong links with its US parent Pier One Imports company. She sees the higher UK rents as being a significant barrier to entry for would-be innovative retailers and a considerable straight-jacket on those already trading in the UK:

"the dynamics are not as tough by any means [in the USA]. Our parent company's average rent per square foot is twelve dollars and ours is about forty-five dollars ... So basically our sales per square foot have to be about four times theirs, hence we make the stores half the size ... The Americans do come up with wild and wacky ideas which again when placed in the UK set of dynamics probably won't work, but they are a good source of wacky ideas. If you want to start up a retail business concept in the States you can sign a three year lease and just give it a go, and your landlord is probably not some financial institution who is worried about asset values, they are a lawyer who happens to own this piece of land ..."

Alison Richards, The Pier. Research interview.

Both Alison Richards (The Pier), and Dean Butler, the American founder of Vision Express, also note that turnover-based rents and short-term leases predominate in the USA, whilst being rare in the UK. This gives American retail landlords a stronger position from which to manage retail space and, by implication, retailers the incentive to keep their formats fresh and interesting if they wish their leases to be renewed:

"... in the US virtually all retail space, the rent is a percentage of turnover ... so if one guy is not doing well he'll want to boot him out, and if a new concept comes along he wants to be able to bring him in, and get somebody out. So they want short leases because they want the ability to do two things: one, adjust the tenant mix; number two, force you to renovate your store.... one of the really severe problems in the UK in regard to all this is the fact that leases are twenty-five year leases ... and the United Kingdom is the only country that I know of that legislates the terms of leases between the landlord and tenant. The rest of the world leaves that to the tenant and the landlord."

Dean Butler, Vision Express. Research interview.

Cribbs Causeway, the new regional shopping centre north of Bristol, may provide some evidence of an evolution of rent and lease structures in the UK (Vines, 1999). The centre includes turnover-based, and short-term, leases, as well as being actively managed by an on-site employee of centre landlords Prudential. However, the majority of centres have yet to implement such changes. Dean Butler (Vision Express) suggests that landlords are reluctant to change because they believe that heightened competition is actually not in their interests:

"Basically what is going on is the vast majority of people in this country who are in retailing ... are able to lean on the powers that be to put these policies to restrict the competition. And its the landlords, they don't want the competition, the retailers don't want the competition, so I doubt that things are going to change in the UK"

Dean Butler, Vision Express. Research interview.

6.2.6 Summary

Although the broad geography literature has not explored the theme to any great extent, FGRs clearly demonstrate that the local-level location decision is a central and integral element of a firm's growth and market positioning strategies. FGRs use local characteristics to attract customers, segment the market, reinforce a particular market positioning and thus achieve successful outlet network expansion and business growth.

FGRs have adapted to the whole spectrum of location types. Sample firms are achieving success in both primary and secondary locations. However, while secondary-site-seeking FGRs achieve success by creating formats which attract specific customer types, this does not mean that primary-locating firms have a lack of format focus. FGRs across the board have integrated the site type into broader strategy; thus, primary locations act as promotional tools for specialist retailers aiming to develop limited outlet networks. Although traditional studies imply that retailers develop a format for which locations are sought, FGRs also demonstrate that this is not universally the case. In order to achieve growth, FGRs have, in some cases, sought a range of different location types to which they have modified their basic store format.

Traditional topics of interest, including rental levels and neighbouring stores, remain important considerations for FGRs. However, these considerations have again been integrated within a broader strategic picture. Thus, rent is not simply a determinant of where the retailer can locate, but a catalyst for developing a market positioning and format which will trade successfully in a given location. Similarly, FGRs do not simply look to locate near, or to avoid, particular competitors, but use other retailers' formats to help define their own. Thus, fashion retailers emphasise that they are all exclusive brands by clustering together to create a 'fashion centre'. Other FGRs in less exclusive markets similarly use neighbours as a way to segment consumer groups to match their own needs.

6.3 FGRs and The Changing Nature of Retail Parks

6.3.1 Introduction: The Significance of FGRs to Retail Parks

The emergence of out-of-town retail parks has been one of the most profound changes in the UK retail landscape over the past 20 years. In this section the significance of FGRs to retail parks is considered. The barriers which retail parks present to fast growth aspirations of retail firms are identified and the role of FGRs in defining the nature of these environments is considered.

The nature of out-of-town retail parks has changed considerably since they first started appearing in the UK. In particular, contemporary retailers face rising rents and decreasing amounts of space as legislation restricts out-of-town development and increasing numbers of firms compete for the existing sites. However, while this situation presents a constraint on the continuing ability of some firms to achieve fast growth, FGRs have also been instrumental in driving the changes.

One-third (10) of the FGR sample locate in out-of-town sites, of which seven specifically take units on purpose-built retail warehouse parks. However, these firms are facing a variety of site-specific barriers to their continued growth, including a lack of space and rising rents. FGRs are therefore having to adopt new and innovative strategies to overcome the problems of acquiring suitable spaces at affordable prices to enable their continued growth.

First generation retail parks, which appeared in the early 1980s, offered cheap warehouse-style units for bulky goods retailers. They provided easy vehicle access, a functional appearance implying a value offer, and ample product display space (Guy, 1998a). This first wave of development, which saw DIY, furniture, carpet, and electrical retailers move into retail sheds, was followed by a decline in the pace of development during the recession of the early 1990s (Guy, 1998a). A second wave of development, which followed the end of recessionary conditions, included a maturing of the first wave firms, and the emergence of comparison goods retailers in markets such as clothing, sportswear and footwear (Guy, 1998a; Wileman and Jary, 1997).

The changing tenant mix of retail parks has also coincided with a shift in the government attitude to retail planning restrictions. A benign approach, which initially dominated, has become progressively more hostile. Restrictions have increasingly been placed on the types of retail activity granted planning consent, and more recently attempts have been made to halt all such developments (Department of the Environment, 1995; 1996). This has led to increasing pressure on existing space, particularly in the light of a rising number of retailers choosing to locate out-of-town. Variation in planning regulations has also led to the emergence of a hierarchy of rental values, with those parks with open consent being the most valuable (Guy, 1998a; 1998b).

While FGRs currently face rising rents and decreasing amounts of out-of-town space, it should be noted that these key elements of retail park evolution have themselves been in part driven by FGRs. Wileman and Jary (1997) note that the maturing of first-wave shed retailers is manifest in the introduction by the firms of more sophisticated positioning and retail brand strategies. These new entrants in the pioneer markets, such as furniture, which have achieved fast growth success have also developed more sophisticated trading practices, including the use of EPoS systems to collect data and the development of market segmentation strategies, in order to compete with other furniture retailers and in the face of rising rents.

A plethora of new product groups have also been pioneered by FGRs, including sports retailers, such as JJB Sports, JD Sports, and Allsports, pet retailers, including Pets At Home and Petsmart, and clothing retailers, such as Matalan. However, the arrival of FGRs such as those in retail parks has modified the trading environment for all retail park-based firms. Having moved from high street locations in many cases, retailers introducing new product markets to the out-of-town environment have also introduced the expectation of, and willingness to pay, high street rents; formats based on high sales volumes are better able to tolerate higher rents. They have therefore pushed rents up for all retailers using out-of-town space:

"What you're seeing on a number of parks, open user parks, are the sports companies coming in and some of the high street operators. They are driving up rents to probably 20% above what they should be."

Rob Templeman, H&C Furnishings. Research interview.

"So you find that retail parks which started off as being for heavy duty type goods, that you've got Boots there, you've got Marks and Spencer there, and for them to pay 20, 30 pounds a square foot, they're used to it. The margins on the goods that they are selling, they can make it pay. But the way that our property system works is that that drives up the rents for anyone else who's on that site irrespective of what they are selling."

Stuart Williams, Topps Tiles. Research interview.

6.4.4 Achieving Fast Growth Out-of-Town

Despite the potential constraints on network expansion facing out-of-town retailers, many FGRs are continuing to achieve success in this environment. Whilst some are taking advantage of limited sources of new and second-hand space, others are adopting a range of innovative strategies in response to the restrictions placed on their ongoing expansion ambitions. FGRs have used four principal courses of action, including: first, changing their organisational growth strategy; second, using organisational and market positioning based practices to secure space; third, implementing format modifications; and fourth, altering the type of site through which to continue outlet expansion.

Despite the restrictions on out-of-town space, FGRs have been able to benefit from both the turnover of second-hand space and a restricted amount of new development. Whilst the key planning changes outlined in Public Planning Guidances 6 and 13 (PPG6, PPG13) encourage a shift in emphasis away from out-of-town developments (DoE, DoT, 1995; 1996), there is some ambiguity in how this should be implemented. Both planners and retailers display confusion over the types of development being restricted querying, for example, whether it is certain sizes of retail unit, or product type which should be restricted. Consequently some retail space is still being built and retailers are finding they are still able to argue that they require out-of-town units:

"The thinking on PPG6 is that bulky goods may be sold out-of-town, ... People get very tangled up as to which category pet products should be in, and cases are being made both ways."

Anthony Preston, Pets At Home. Research interview.

"We are fortunate. If you look at last year when the tighter planning regulations were still supposedly affecting the marketplace, four out of the six new stores that we opened were brand new stand alone, built for us stores, so it ain't that tight."

Paul Rosenblatt, Uno. Research interview.

Changes in the structure of out-of-town retail firms are also resulting in second-hand space becoming available. For example, in the aftermath of the privatisation of regional electricity utilities, their retail operations were the subject of a series of mergers and take-overs leading to the disposal of units where doubling up occurred (Guy, 1998a). Similarly, changing consumption patterns have seen a decline in the traditional DIY sector, with many firms responding by downsizing and thus releasing space (Guy, 1998a; 1998b; Whitmore, 1998).

Because of the close relationship between organisational growth and network expansion, FGRs have been able to alter their growth strategies to address the problems of out-of-town environments. In the cases of JJB Sports and H&C Furnishings, this has involved varying the focus and pace of growth. For example, whilst JJB locates in both city centre and out-of-town locations, the firm anticipated increased pressure on out-of-town space and focused its growth efforts on retail parks before the planning changes took full effect. Thus in 1996 and 1997, the company opened 22 and 25 out-of-town stores respectively. However, in 1998 the effects of space restrictions became apparent, and only one of 14 new JJB stores was opened out-of-town. Conversely, H&C, which already has a significant out-of-town presence, has slowed its rate of expansion in the short-term. The company believes that the property market is changing and that it can afford to wait for new space to come available:

"You've got a load of new entrants like Furniture Village rushing around opening new stores. My view certainly for my business is we are going to be in a period of consolidation because I think inevitably we are for a cyclical downturn at the moment, particularly in the North ... So we're not in a rush to go out and buy lots of new space at the moment. I think more space will come back on to the market as people downsize."

Rob Templeman, H&C Furnishings. Research interview.

To enable its continued growth, JJB has adopted several geographical growth strategies. In addition to varying the locational focus of expansion, the company also recently acquired rival city centre and shed sports retailer Sports Division (MacDonald, 1998). The purchase of Sports Division can be seen as a strategy to both ensure JJB's survival as the market consolidates and also as a way for the company to continue its out-of-town expansion in the face of declining space availability. As Bennison *et al* (1995) note, acquisition provides a way to obtain new stores in areas underrepresented in the acquiring firm's portfolio. Similarly, whilst Uno acquired World of Leather to exploit the knowledge bases of each firm, it has also been able to use the purchase to its locational advantage. Because both firms target different parts of the home furnishings market, they trade successfully as neighbours. To cope with the declining amounts of new space and rising rents, Uno has therefore subdivided many of its units to incorporate a new World of Leather store; the company is thus able to increase the potential sales for a given site and tolerate higher rents:

"... we are looking at moving [Uno] down to 26,000 square feet in some circumstances. In addition to that we now have the World of Leather which allows us to look at a 40, 000 square foot shed and say right 30 for Uno, 10 for World of Leather ... They are two very different brands attacking the market in two very different ways, its like comparing Marks and Spencer food and Kwik Save, [they can trade] next door to each other [without] affecting each other."

Paul Rosenblatt, Uno. Research interview.

FGRs have also used organisational and market-positioning strategies to facilitate out-of-town growth. The example of H&C Furnishings acting in conjunction with other out-of-town retailers to secure space has already been identified in this respect. Majestic Wine has also sought to convince local authorities that it needs out-of-town warehouse space, in this case by developing a particular retail format and market positioning. Majestic's ideal store locations, which are not on retail parks, have often previously been used for non-retail activities and require a change in the property's planning consent. This problem is compounded by the fact that the company sells alcohol, which is often of concern to councils worried about underage drinking and alcohol-induced disturbances. The company has thus decided to sell only in bulk, a strategy rooted in licensing laws[3], which serves to reinforce the company's positioning; as a firm targeting middle-aged professionals with a genuine interest in wine, it is not seeking to be attractive to casual drinkers. Thus far the company has, in this way, been able to maintain the pace of expansion.

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[3]Firms selling in bulk do not require a liquor licence. However, all but one Majestic store does hold such a licence. The company has also found that by-the-case sales generate higher average annual spends per customer than might otherwise be expected.

Guy (1998a) has noted that electrical and DIY retailers have responded to rent rises and space restrictions by evolving smaller format stores; Uno has also already been presented as an example in this respect. A number of FGRs have adopted a similar strategy, which they have further modified by introducing mezzanine floors to maintain levels of showroom space. Both Furniture Village and H&C Furnishings have adopted this strategy, which allows them to take advantage of smaller units coming available from the downsizing of the DIY retailers. The costs involved in building mezzanine floors are less than the extra rent for the same amount of space total ground floor, thus also helping the firms tolerate higher rents.

"We are also introducing mezzanine floors so we double the space and capacity, which is a good offset against rent increases at the moment as well."

Rob Templeman, H&C Furnishings. Research interview.

Another strategic option open to out-of-town retailers facing rising rents and declining space, is to identify new location types. The success of JJB's out-of-town large-format stores has encouraged the firm to identify new locations where it can continue to expand this store format. In addition to the acquisition of Sports Division, therefore, the company has also looked to develop large format city-centre stores, which utilise first-floor space. The company initially built a relationship with Tesco which, prior to the development of the Tesco Metro format, used first floor space for textiles and as stock rooms. The new Metro stores are a smaller format using only the ground floor, meaning JJB have been able to use the first floor space. Subsequently similar relationships have been developed with other large city centre space users, including British Home Stores, Littlewoods and Boots:

"...the new concept that we have introduced that no-one else has touched, certainly in the sports trade, is the first floor superstore. We are going into the prime location of a town or city, we are taking a 15 foot frontage, we are saying ... we will pay you the equivalent of ... one tenth of [the ground floor rent] as a trading floor. Normally you will be getting one twentieth of that as stock room space ... The landlords have been very positive in their response to them, retailers have looked at achieving extra rental or profit ... Put us in on the first floor, and now we are paying them a quarter's rent in advance [and] off-loading a load of rental liability"

Barry Dunn, JJB Sports. Research interview.

6.3.3 Summary

FGRs in out-of-town environments are adopting a number of innovative strategies to cope with, and adapt to, the changing nature of that environment. These include becoming adept at marketing themselves to landlords, modifying the retail format to better suit conditions, developing relationships with other retailers to acquire space, and pioneering new types of space. In these ways FGRs are still able to expand and trade successfully despite rising costs and the emergence of space restrictions, and can in turn also be seen to be contributing to the changes altering both retail parks and the broader retail landscape.

6.4 FGRs and the New Landscapes of Consumption

6.4.1 Introduction

The previous sections have demonstrated that FGRs are important elements driving the evolution of both traditional retail sites and of out-of-town retail environments. As pioneers of the changing nature of the physical retail landscape, it might also be expected that FGRs are developing the new and alternative retail locations identified as new landscapes of consumption in Chapter 1, such as airports, railway stations, and cultural centres. In this section the role of FGRs is addressed in relation to these sites.

Sites associated with new landscapes of consumption have tended to attract small-format retailers, which previously focused their attention on city-centre locations. Indeed, the FGR sample reflects this by including a variety of firms which have simultaneously developed in traditional retail sites and the new consumption sites. Of the 20 smaller format firms which participated in this study, 13 locate exclusively in traditional locations, whilst the remaining seven also trade in location types outside these traditional prime shopping districts. Those retailers which avoid the new landscapes of consumption do so for specific reasons associated with growth strategies, format type, and market positioning, as discussed in previous sections.

This chapter has demonstrated both that growth and location selection are inter-related and also that location is important in terms of market segmentation. The new landscapes of consumption often present specific opportunities to segment the market on the basis of other activities occurring at the specific sites; for example, railways and airports tend only to attract people making a journey. By the same token, the new landscapes of consumption therefore often present locational characteristics which are perceived as unsuitable for some of the sample FGRs, which seek locations with high foot-fall counts and have a generalist target market. A further group of firms not represented in the new retail landscapes are those for which specific types of locations are already an inherent feature of the concept. This refers in particular to convenience stores, such as Dawn Til Dusk or Morning, Noon and Night, and community-orientated operations such as Friday-Ad. For these firms the nature of their formats dictates the core element of the location strategy.

The example of Past Times demonstrates that, unlike the traditional characterisation of the city centre or retail park, the new landscapes of consumption should not be seen as a homogeneous group. New landscapes of consumption include a diverse range of locations, some of which may be suited to a particular retail format, while others are not. In the case of Past Times, whilst it might be expected that the format's historical and cultural elements would lend themselves well to alternative sites, such as the focus on cultural cities adopted by the National Trust's shops, this approach is rejected by the company. Recent restructuring and the employment of a new retail director have prompted the company to position itself as a niche retailer of gifts, rather than part of the culture or heritage industry; the company sees itself in competition with John Lewis rather than the National Trust. Consequently cultural centres are not a specific part of Past Time's locational remit. Rather the firm has taken units in airports, which are seen as consistent with a gift-orientated positioning.

6.4.2 Locating in the New Landscapes of Consumption

Those retailers which have a broader vision of the types of spaces in which they can locate can be identified on the basis of market sectors, target markets and retail formats. For example, retailers in the 'treats' market, including chocolates, coffee houses and gourmet sandwich retailers, tend specifically to seek alternative sites. Whilst these firms target a broad customer demographic segment, they include a lifestyle element which is suited to particular alternative locations. The variety of location-based formats developed by the Seattle Coffee Company illustrates this strategy; stores in office blocks, including Canary Wharf, specifically target the business markets, while the format has been varied to cater for residential, tourist, or shopping areas. Some FGRs are thus able to develop location-based niche markets, reflecting Bennison *et al's* (1995) observation that matching the catchment population with an appropriate retail format is becoming an increasingly significant strategy.

The multi-format approach adopted by the likes of Seattle Coffee Company, Pret A Manger and Aroma also relates to the firms' target market, which includes people on the move during short breaks and lunch times. Locations such as London tube stations, railway stations, airports, petrol and service stations are consequently key sites. However, these firms have also explored other alternative location types which have been developed from different aspects of the firms' formats. For example, Seattle Coffee has pioneered links between coffee houses and bookshops in the UK, attempting to transfer another part of the US coffee house culture, on which the firm is based, to this country. This in turn has served as a test-bed for other formats:

"Well its interesting because as we have done some of the bookstore cafes, they have taken us into markets[4] *that we didn't expect to go into, and been a great litmus test for us. Based on the success of some of those, we have decided that we wanted to look for some stand-alone cafés."*

Allyson Svenson, Seattle Coffee Company. Research interview.

Thorntons' market is slightly different from that of the gourmet coffee and sandwich chains, being predominantly based around 'special occasions' such as Easter, Mother's Day, St. Valentine's Day and Christmas. However, more recently the company has placed an increased emphasis on turning its products into everyday purchases, more akin to the offer presented by the coffee and sandwich chains. To achieve this the firm has been trialing a café format and developing special stands and formats for locations such as railway stations. For example, at London's Waterloo station chocolates are sold from a market-barrow-style stand decorated as a steam engine in Thorntons' colours.

Pret A Manger has also targeted specific alternative locations including tube stations, business areas, tourists sites such as the Tower of London, and specialist shopping centres including Bicester Village. The company also operates a store at the National Gallery which is a further example of the link between cultural centres, consumption and retailing. The role of cultural centres is of increasing significance not only in terms of specific sites, such as galleries or stately homes, but more generally in terms of culturally or historically important towns, as Alison Richards (The Pier) notes:

[4] e.g. Geographical markets. Seattle Coffee's first bookstore cafe involved a link with Waterstones in Cambridge, away from the company's London base.

"when [people] go shopping they tend to go further to either somewhere that is a nice place to visit, like Bath or York or somewhere like that, or they go where the choice is mega"

Alison Richards, The Pier. Research interview.

Booksellers Hammicks presents a very different way of extending the reach of the company through the pioneering of new locations. The company is planning to introduce book vending machines to the UK, a feature which already exists in Japan and adapts technology familiar to British consumers, albeit in different contexts. This will allow the company access to particular sites where shops either do not exist or could not be supported, but where market potential exists. The machines also present the opportunity to vary the stock according to the specific location:

"Outside Hemel there is a leisure centre, big bowling alley, leisure centre, multiplex, no bookshop is going to open there, but we can put in a vending machine and that vending machine can be merchandised to have tie-ins with local films."

Trevor Ghoul-Wheeker, Hammicks. Research interview.

This location strategy means the company can penetrate markets which other booksellers are yet to exploit, and also introduce the opportunity to buy books to people who may not normally go into bookshops. While Ghoul-Wheeker notes that more children watch videos and go to the cinema than read books, he suggests that this presents a market opportunity which opens up a range of possible new book-retailing locations.

The internet and the World Wide Web present a further use of technology which is opening up another new retail space. Of the sample retailers, eight already operate web sites with a further six actively establishing sites or investigating the possibility[5]. In the case of the Seattle Coffee Company, the firm is combining the internet with a more traditional retail format through the establishment of internet

[5] This information was correct at the time of conducting the research interviews.

cafes. However, the technology's potential is yet to be realised, and consumers and retailers are only just beginning to grapple with the possibilities. The topic is considered more fully in Chapter 8 in relation to the future of FGRs.

6.4.3 Summary

A significant minority of FGRs locate in the places which might be considered to be new landscapes of consumption. However FGRs also demonstrate that the new landscapes of consumption in fact include a diverse range of location types. FGRs operating in the new landscapes of consumption, like those operating in other location types, are using location strategy to reinforce their market positioning and as a means of segmenting the market. Thus, particular companies will only locate in specific location types under the new landscapes of consumption banner which fit in with the companies broader strategic aims.

6.5 **Conclusions** Fast Growth Retailers and Geographical Expansion

FGRs provide considerable evidence in support of Bennison *et al's* (1995) characterisation of outlet network expansion as the physical manifestation of often intangible corporate strategies. However, they further demonstrate the interwoven nature of business growth and network expansion strategies. In this two-way relationship, retail store portfolios are thus both in part the bi-product of particular growth strategies, and the means by which growth is sought and achieved.

At the national scale operational concerns are paramount. Particular patterns of outlet expansion are a reflection of operational concerns relating, for example, to distribution, management and advertising factors. Conversely, at the local scale, location strategy is particularly relevant in terms of market positioning and segmentation. FGRs demonstrate that successful growth relates to the identification and penetration of a particular target market, and that location strategy at the local scale is an important part of identifying and isolating a particular market.

Whilst locational decision making has both operational and market positioning concerns as cornerstones, these concerns relate to a variety of location specific considerations. In particular rent and lease arrangements, and also land-use planning legislation, are encouraging retailers to adopt more innovative and non-standard location strategies. The out-of-town market in particular has rapidly evolved from offering considerable potential for expansion to the current situation, where it is increasingly hostile to retail growth. However, FGRs in such locations are continuing to achieve growth by identifying creative solutions to the restrictions placed upon them and identifying alternative expansion possibilities.

The evidence provided by the sample FGRs demonstrates that locational issues as a variety of scales are fundamental to the fast-growth success of those firms. However, location is not simply about being able to find and afford a location which is acceptable. To achieve fast-growth success the firms in this study have sought locations which attract target consumer groups. FGRs thus link format and locational strategies to create a destination which will capture a specific target market. To achieve this aim, FGRs are adapting innovative strategies which are serving to both evolve existing retail landscapes and also pioneer new retail spaces.

7
CONSUMPTION SPACES

7.1 Introduction

The evolution of the retail environment and consumption experiences, outlined in Chapters 1 and 2, has involved change at a variety of scales. In the previous chapter attention was given to national and local level changes. The focus of this chapter is narrowed to consider Fast Growth Retailers' (FGRs') uses of store space. The internal configuration of retail outlets represents the primary point of contact between the retail organisation and consumers; these spaces are therefore of academic interest as the points at which retail strategy interacts with consumers. The aim of this chapter is to explore the relationship between FGRs' strategic considerations, and consumers' changing experiences of consumption within the store.

During the 1980s, retailers became more acutely aware of the role of image in attracting custom. Store design became more widely used as a point of differentiation (Lowe and Crewe, 1996), and the internal configuration of shops was increasingly designed to influence consumers and their propensity to purchase (Ducatel and Blomley, 1990). Lowe and Crewe (1996) argue that the grocery retailers' drive for capital accumulation during the 1980s had implications in terms of the use of store space. In particular, space was increasingly configured to induce consumption, staff strategies focused on part-time, rather than full-time workers, and store design became dominated by the creation of service-free environments. However, more recently there has been a shift back towards customer-focused care strategies (Lowe and Wrigley, 1996), which have exploited the role of store staff in increasingly innovative ways.

The store, and the experience created therein, is thus becoming as much a part of what is being sold as the products themselves (Doogan, 1992; Crang and Jackson, 1998). Retailers, like retail developers, have sought to exploit the increasing links between retail and leisure. Consequently, competitive stances and market positioning are now concerned with intangible concepts such as image and experiences, rather than traditional criteria, such as price (Marsden and Wrigley, 1995).

The central theme addressed in this chapter therefore concerns FGRs' use of store space in building competitive stances. The strategic reasoning behind these strategies is considered, notably in relation to the drive for growth. The issues raised are also placed within the context of their role in changing the face of the retail landscape.

7.2 Merchandise and Branding

7.2.1 Introduction

Product branding, on the basis of both producer brands or own label products, forms a central element in the way a retailer presents itself to the customer. The strength of a brand lies in the consumers' ability to recognise the name, and to associate certain values with it (Wileman and Jary, 1997). A strong brand can thus develop considerable customer loyalty and allow the producer and retailer to achieve higher profit margins on branded products. In Chapter 6, it was also suggested that the development of a strong retail brand is a central element in enabling a firm to trade as a destination store in secondary locations.

In consumption terms, branding reflects the move towards competition based on value and experience rather than price. The intangible value of a brand also echoes the rise of an economy of signs, as highlighted by Lash and Urry (1994) and Smith (1996); brand-based consumption is concerned with image and perceived experience over substance. Similarly, branded goods are consumed as much for the value and cachet associated with a particular label, as for the actual quality of, or need for, the product.

In strategic terms, branding offers the potential to sell similar products at very different prices. The added value associated with a brand becomes a point of differentiation between both products and retailers. Branding also holds the potential for the development of a market positioning based on a lifestyle choice, rather than the segmentation of the market on demographic lines. In this section FGRs' use of branding strategies are considered and placed within the context of both consumers' consumption experiences and the implications for store layout.

7.2.2 Producer Brands Versus Retail Brands

The majority of FGRs included in this study do not focus on selling producer-branded goods (Table 7.1); of the 30 participating firms, only five could be considered producer-brand dependent. In these cases the retailers' propositions are built around the market opportunities created by the producer brands. For example, the sports goods market is dominated by long-established producer brands, consequently no sports-focused FGR sells own-label products.

The central problem of operating in a producer-brand-dominated market, such as sports, is that all retailers sell comparable stock. It is therefore difficult to maintain a price premium over competitors in the long term (Wileman and Jary, 1997). However, JJB Sports has sought to overcome this problem by using the branded nature of the market to create a well-defined market positioning in the increasingly complicated and ill-defined sector. JJB only stocks products from the top 5 or 6 sports goods producers. To further emphasise the firm's positioning as a sports retailer, the company, unlike sports-fashion retailers, stocks equipment such as racket grips and squash balls. Additionally, the sportswear and trainers sold by the firm tend to be from the middle of a producer's range, thus avoiding the highest priced goods associated with the more fickle fashion market:

"Big [brand] names are the names that the kids ask for ... so we tend to deal with the big 5 or 6... They have got the endorsements, they're the ones who are doing the big advertising ... We have a contact with one of the directors of Diadora ... but the product doesn't have the market penetration ... Our competitors are [to some extent] in the fashion element. If Reebok introduce a new range of shoes with prices from £30 to £150, JD and Allsports would probably sell the whole range, on which they can make high profit margins, especially at the top end. JJB, on the other hand, is middle of the range ... Because changes in fashion can happen very quickly, putting the emphasis on the top end of the market could mean that you are left with a lot of expensive products which are no longer wanted by fashion conscious kids."

Barry Dunn, JJB Sports. Research interview.

Table 7.1 Retail Formats and Product Branding

Retailer featuring:	Number of Retailers	Percentage of Retailers
All producer brands	5	16.7
All own-label	9	30
Mixture: producer brands / own-label	9	30
Unbranded goods	7	23.3
Total	**30**	**100**

While JJB has used producer brands to carve out its niche as a genuine sports retailer, rival JD Sports has used the same strategy to emphasise its fashion credentials. In the case of JD Sports, the company has opted to position itself as a fashion/leisure retailer. Central to this positioning is not only the product range, but the particular fashion labels. Likewise, Schuh has positioned itself as a street-wear retailer through a range of strategies including an association with fashion magazine M8 (see Chapter 5) and an emphasis on brands such as Airwalk, Vans and Kickers.

A second strategy for overcoming the difficulties of brand-dominated markets is to use producer brands as a promotional tool for the retailer's own brands. For example, Matalan stocks both designer-label clothes and higher margin own-label brands. The former therefore acts as an incentive to draw in customers who, once they are in the shop, are presented with a range of cheaper own-brand alternatives.

The own-label strategy adopted by Matalan closely resembles that of the supermarkets. Hughes (1996) notes that the success of grocery retailer's own-label products has in part been built on the ability to design the store to direct customers from producer brands to own-label goods. Matalan has developed a store design which contains specific branded areas; own-brand goods are thus marketed on equal terms with Lee Cooper, Fruit of the Loom and Calvin Klein products. In-so-doing the own-label products are given credibility as viable and desirable brands:

"... two to mention that we are getting behind quite strongly, and will be branded on the shop floor, [are] Papaya, which is a youthful female sports orientated leisure-wear brand, and US Athletic, the male equivalent. And we would be looking to develop a branded shop environment [in which] products are marketed together with that identity."

John Garnett, Matalan. Research interview.

7.2.3 Developing a Retail Brand

While FGRs in producer-brand dominated markets have had to integrate those brands within their own retail format, most FGRs operate in markets where producer brands are not so dominant. However, while specific producer brands are less critical to retailer success, branding remains a core issue for FGRs in these sectors. Indeed, as has already been highlighted in Chapter 5, the decline of price-based competition has placed increasing emphasis on value and the experience; the brand is often central to conveying a value-based message to consumers. Consequently even retailers in the price-centric discount sector, such as Matalan and Poundland, have created formats which rely heavily on the power of producer brands.

FGRs operating in markets where producer brands do not dominate are faced with finding other criteria on which to define their market positioning. The development of a strong corporate image or brand, which conveys a certain ethos and particular values is therefore an increasingly important strategy for FGRs. The store, as point-of-contact between the firm and the consumer, is critical to the development of a retail brand. The design of the store represents the medium through which the retailer must convey to the customer what it is selling, both in terms of product and experience, and indeed who it is intended should buy into the offer. The signage, colours, layout features and actions of staff are therefore all part of a retailer's corporate brand-building strategy. These themes are addressed in greater depth in section 7.3.2.

7.2.4 Summary

FGRs have used branding to influence the effectiveness of both the firm's internal operations, and also the manner in which they define themselves in consumers' eyes. Chapters 5 and 6 highlighted the ways in which the development of a strong retail brand could be used to both influence intra-firm communication and broaden the location selection possibilities. However, product branding is also important in terms of developing a market positioning. Both own label and producer brands can be used to attempt to attach values to the products and company which identify the retailer with a particular customer type, and highlight the importance of the intangible image-based factors to competitive positioning in the contemporary retail environment.

7.3 Store Design

7.3.1 Introduction

Although issues of layout and design have been the subject of considerable interest at the scale of large retail developments, the retail literature has focused less attention on the store scale. However, both Shields (1989) and Goss (1993) suggest that mall space is configured to control consumers, which echoes Ducatel and Blomley's (1990) more general claim that retail space is increasingly the subject of premeditated design work to induce consumption.

Strategies adopted by mall developers seek to increase consumer dwell time (the amount of time spent in the centre) and thus the number of retail possibilities presented to consumers, thereby raising the chances of a purchase being made. Architectural features and diversions within the centre are used to guide consumers and prolong their visit. Similarly, malls actively blur the boundary between retail and leisure (Goss, 1993; Crawford, 1992). Retail developments are thus being designed to suggest to consumers that they are not primarily concerned with the retail of products, but the provision of a leisure-time activity.

Although a less-developed trend in the UK, US developers have in some instances used design and tenant mix to brand and position malls for particular groups; the same strategy can be seen in the UK with the rebranding of Southampton's Bargate Centre as the country's first youth-orientated mall (Retail Week, 1997d). As was suggested in the previous section, design also offers the retailer considerable potential for communicating with the customer by developing a retail brand. In this chapter, it is suggested that FGRs are seeking to influence consumers by building retail brands and coherent consumption experiences which are not dissimilar from retail developers' attempts to control people in malls. This section therefore examines the extend to which FGRs are configuring space to influence consumption. The manner in which this is achieved is also considered, with emphasis placed on the innovative features being introduced and the strategic rationale behind such tactics.

7.3.2 Store Atmospherics

The increasing appreciation of the role of store design through the 1980s resulted in the appearance of the shop becoming an important point of differentiation, and thus of competition, between retailers (Gardner and Sheppard, 1989). The use of ambient factors within the store space has evolved from simply allowing differentiation by design, to a more clear targeting of the format at a particular customer type. Atmospheric factors can be used both as a market segmentation tool and to create a unique experience which customers are encouraged to buy into.

Store atmospherics include factors which affect the feel of the store, and thus directly impact upon customers' perceptions. Retailers are able to use the store decor, including floorings, walls, lighting and sound, as well as fixtures, fittings, Point-of-Sale (PoS) signage and company logos to suggest a particular approach to retailing, which is designed to appeal to particular customers.

The use of store atmospherics in segmenting the market and communicating the company's positioning to consumers is demonstrated by Uno and Carpetright. The latter uses different standards of fitting and fixtures to emphasise the different market positionings of its various formats. Thus, whilst the downmarket Carpetright displays samples on plain tubular metallic stands, the upmarket Carpet Depot uses wooden lecterns. In the case of Uno, the firm wants to suggest that it has a competitive price offer, but also that it is a trusted firm with quality products and not a discount retailer.

To do this, consideration is given to both the physical structure of the building and the use of PoS signage within the store:

"We spend a lot of time thinking about how we subliminally tell you that the price is cheaper than across the road. ... [We spend] a substantial amount of money on the shell of the building, the standard of the door panel, the standard of the carpet on which the product sits, the standard of the ceiling ... so that the envelope says that this is a trusting, caring, solid, well covenanted building with people you can trust. But the actual product presentation, and the things inside are designed to say, and its a very good price.... The clutter of paper that you will have seen throughout the store is designed to provide atmosphere ... It is designed to look temporary, and it is designed to reinforce the sale message, the temporary nature of a sale, the hurry and buy now before it's too late."

Paul Rosenblatt, Uno. Research interview.

The tactics employed by Uno and Carpetright reflect a more traditional differentiation by store design. However, FGRs are also using atmospheric factors as central elements in the creation of unusual and unique retail experiences. In strategic terms an emphasis on the consumption experience may still be rooted in the need to segment the marketplace. For example, the fast-growth coffee retailers included in this study all sell broadly comparable products, but have used the design of their outlets to link each company with a particular lifestyle choice. Seattle Coffee is designed to recreate the Pacific Coast coffee house culture, Coffee Republic looks to New York, and Aroma evokes a Mediterranean feel using decor and music:

"Our brand is essentially a fifteen minute holiday in the sun ... The whole point is a Mediterranean [feel] ... we play salsa music and Mexican music and whatever type of music you want, we try and make you feel this ...Buzzy vibrant environment. We want you to believe you have just stepped into the Mediterranean, had your cup of coffee ... and then you've walked back out."

Finlay Scott, Aroma. Research interview.

The link between store atmospherics and the creation of the retail brand is also highlighted in Scott's quote. He suggests that in choosing to buy your coffee at Aroma, you are not only buying a drink, but a holiday from the real world. Store design is thus being used to blur the boundary between retail and leisure, and to ensure that the consumption experience involves the consuming of the atmosphere as well as the product (Newby, 1993; Smith, 1996).

The Shop Window

The shop window is characterised by Dowling (1993), who draws on Lefebvre's notion of spaces-of-representation and representations-of-space, as having a central "place-making" role. The window therefore plays an important role as a representation of the experience a retailer offers. For example, The Body Shop's use of shop windows for poster campaigns drawing attention to human rights and environmental abuses has been central in defining and positioning the company in consumers' minds (Roddick, 1992). This strategy is simultaneously presented as a way for consumers to align themselves with the company's ethical stance, and as a way for them to feel that they are making a positive statement by buying something.

FGRs echo this Lefebvrian notion by using their shop windows both to advertise the company ethos, and as an integral part of the store experience. For example, Schuh use the space to communicate the message that it is 'the place for branded footwear', and through the brands to link the firm with youth culture. Likewise, Richer Sounds fill their windows with hand-written signs highlighting the latest deals, emphasising both the perception of good value and the informal trading style of the company.

Fashion retailer Ted Baker has made the window a central feature of the store experience, using humour and themes which are carried through into the internal store space. Attention grabbing imagery, such as police-style body outlines on the pavements, police cordons featuring slogans such as 'fashion police' and 'do not cross line with a dodgy hairstyle', are featured in the store front and repeated inside the shop with PoS material. The company also gives away free gifts linked to window displays, including toys and Ted Baker branded condoms, designed to appeal to the fashion conscious lad culture which forms the firm's target market:

"We use humour a lot, the mystery of who is Ted Baker, point-of-sale material, give aways, we tend to have a quirky give away with the theme in the window ... Those bubble blowers, we have given them away. We've had a sort of dare devil stunt man theme recently, and we had these little plastic toys that you throw at the window and they [climb down], just silly little things that cost virtually nothing."

Lindsey Page, Ted Baker. Research interview.

7.3.4 Store Layout and the Consumer

FGRs are adopting store-space strategies which echo those being implemented at the mall scale. The layout of the store is used in conjunction with atmospheric and design features to attract target customers into the store and to then hold their attention. Design and layout are thus central to differentiating the retailer, increasing consumer dwell time and consumers' propensity to make a purchase, and to encourage repeat visits.

Mall designers use the relative positions of anchor stores, entrances and escalators to increase the amount of time spent, and number of shops seen, in a mall by customers (Goss, 1993). Retailers are similarly able to use the relative positions of product types to guide the customer through the store. For example, H&C furnishings sell both high-sales-volume textile goods, and low-sales-volume furniture. The more frequently purchased textile products are therefore placed at the back of stores so customers are exposed to the full range of products sold by the company as they look for textiles:

"We lay out all our stores in a fairly uniform manner. At the back of the store we would have a textile department ... that draws people through the store. [The textile department] gives us a strong advantage - we would have a lot more customers through our doors than a typical furniture retailer because of the small ticket value."

Rob Templeman, H&C Furnishings. Research interview.

Birthdays adopts a similar strategy by exploiting the different customer types attracted by its core card and gift format and its secondary Manchester United football souvenirs operation. The latter is a destination location sought out by a narrowly defined customer type, and as such trade successfully in secondary locations. Birthdays therefore locates the supporters shops at the back of stores or upstairs, as space allows. This is intended to attract and guide a group of customers (Manchester United fans), who might not otherwise shop at Birthdays, through the store and to increase consumers' propensity to make a purchase exposing them to the full product range.

Retailers are also able to use the position of products within their stores to suggest purchase combinations to consumers, thereby encouraging them to make multiple purchases. For example, furniture retailers including H&C Furnishings and Furniture Village feature products arranged as they could be in the home:

"The first thing you would see when you walk into a store as ... room sets around the perimeter and furniture in the middle of the floor ... [There is also] co-ordination across some of the products. Some of our curtains we'd have in room sets we'd co-ordinate into the upholstery. Some of the ancillary items such as bed protection, quilts and pillows would be displayed near beds."

Rob Templeman, H&C Furnishings. Research interview.

Mall developers believe that the ability to control consumers and encourage them to spend money relies in part on being able to prolong the amount of time spent within a retail space (Goss, 1993). Malls have therefore evolved as leisure-orientated centres, suggested both through the decor and the profusion of features such as food courts or fairground attraction style features (Chaney, 1990; Crawford, 1992). Such developments seek to attract customers in for reasons other than retail, and prolong the amount of time spent in the centre after arrival (Shields, 1989; Goss, 1993).

Retailers are employing similar strategies in shops to attract customers and prolong their visits through the use of in-store features. Two principal types of feature are used: first, hands-on features, where the consumers become active participants in the retail experience; and second, features which act as passive props on a stage where the staff are actors.

FGRs using the first set include firms which have introduced store features to prolong customers' dwell time. In the case of the booksellers Ottakars, this has included the use of chairs and sofas, in which consumers are encouraged to sit and browse whilst they choose a book. The features are also intended to give the store the air of a traditional reading room or library. This strategy is developed in a limited number of Ottakars stores by the inclusion of a café. The same strategy has also been employed by Books Etc. and Waterstones in the UK, emulating the success of the format in US booksellers such as Barnes & Noble.

Store cafés are not a new idea, having been a long established feature of department stores, hyper-markets, and even branches of stores such as Next. However, their introduction in to the book markets reflects the perceived increasing need for book retailers to find new ways of attracting and holding the attention of customers in the face of greater competition. The tried and tested nature of the US bookstore-café format also gives retailers confidence in the potential success of such a venture.

The trial of cafés in some Thorntons chocolate shops also reflects the desire to hold people in the store for as long as possible. In this case it also offers an opportunity for the company to promote its other products by letting people taste them in the cafe setting. Indeed Andrew Mounsey (Thorntons) suggests that the café concept in part evolved from not knowing how to market a new biscuit-based product made by the firm in the context of the traditional store.

In the same way that Thorntons' cafés act as a shop window on its core products, both Games Workshop and JJB Sports have also designed store features which seek to show consumers the products on offer subliminally by prolonging dwell time and blurring the retail-leisure boundary. Games Workshop has included gaming tables in its stores, where customers can participate in games and learn to make the game models. To develop the leisure aspects further, the company also runs games evening and tournaments in stores. Similarly, JJB Sports has put basket-ball courts in its superstore retail sheds. Both companies have therefore created 'safe' environments, designed to enable children to stay in the stores playing while parents shop elsewhere. By increasing dwell time in this way, the companies hope that the children will identify products, which they will persuade their parents to buy on their return.

The second set of features relates to the atmosphere of the store, and concerns the theatrics of retailing; indeed Schuh's promotional literature emphasises the point by talking of 'retail theatre'. Store features in this group are passive props on the shop stage. While they are designed to present an attractive store which will hold the consumers' attention, the purpose of 'set features' is less about dwell time and more about differentiating the retailer from the competition and creating a bit of spectacle which will ensure repeat visits. Set features therefore represent an extension of the brand-building aspects of retail strategy previously discussed. For example, in the case of Schuh, the store is intended to provide a complete lifestyle choice, reflecting Shields (1992) analogy of selling 'ready-to-wear' masks. The store itself is therefore critical in providing a context for the products:

"*...we do a lot of work trying to present a bit of excitement, a bit of a sort of Wow! factor ...*"

Terry Racionzer, Schuh. Research interview.

This strategy is also adopted by the coffee houses which have sought to turn drinking coffee into a symbolic act of consumption. The UK coffee houses have emulated the approach of North American firms such as Starbucks by stressing the 'speciality' and 'gourmet' qualities of their product. To do this, the coffee houses have appropriated a language and approach to service which emphasises these qualities, and which is communicated through the store design (Smith, 1996):

"Equally important to Starbucks' marketing strategy is the discourse of speciality or gourmet coffee itself, with its displays, decoration, and literature stressing motifs of quality, authenticity, variety, and 'exoticism' (the latter through the diverse evocations of coffee production)."

Smith (1996) p.504

The success of the coffee-house format relies on the consumer being educated in enjoying quality coffee. The company 'educates' its clientele through its literature, staff and store design. For example, Seattle Coffee has slogans and quotes on the walls which both emphasise the nature of the product, and also directly link the experience with that of the coffee houses actually in Seattle. Likewise, the equipment used for preparing drinks is integrated into the fabric of the store, and is a central part of suggesting that skill is required to produce a product of high quality. Allyson Svenson (Seattle Coffee) again uses the language of theatrics to explain the importance of the store design:

"Our priority ... is the bar. It's supposed to be like a stage. The espresso machine costs as much as a car, [and] is the heart of the business. Part of this whole brand refining ... is reflected in the colours on the walls, the sayings on the walls, [which] are starting to hold together with this whole idea of the experience. ...We have so many different formats, [but] there's some overall feeling, a particular experience which evokes the same emotion in all the stores."

Allyson Svenson, Seattle Coffee Company. Research interview.

Seattle Coffee has thus adapted part of the store's normal operations and made it an integral part of the shop experience and company positioning. Vision Express has achieved the same goal by making their laboratories a visible feature of their stores. The facilities are required on site to enable the firm to meet its guarantee to prepare glasses in one hour, which is the core of the firm's differentiation strategy. Thus by making the feature visible, the one hour service offer is reinforced and the stores are distinguished in the otherwise homogenous marketplace:

"There's nothing I can do to glamorise eyeglass frames very well, you've got to get close to them and look at them to see right ... so we don't try to glamorise eyeglass frames in a big way, We have to have nice looking stores obviously, but the thing that differentiates Vision Express from everybody else is that we do a true one hour lens grinding service. So we want all the equipment in the front window if we can, we want people to remember that, they may not remember our name, but that's the place where all those guys are grinding lenses."

Dean Butler, Vision Express. Research interview.

7.3.5 Summary

The move towards retailing which is based less on traditional competitive positionings, such as price, and more on the provision of a complete retail experience has broad implications for the use of store space. FGRs are adopting a range of strategies relating to the use of atmospheric factors, and the features placed within the store space, to create a unique proposition. The brand building and experience-creation strategies of retailers, such as the coffee shops, have had a profound impact on the nature of shopping, with consumers being asked and tempted to buy into a whole retail concept (Smith, 1996; Zukin, 1991). Miller *et al* (1998) also suggest that consumers increasingly define their identities through what and where they consume, and in-so-doing become advertisements for themselves.

However, while many of the examples highlighted in this section broadly reflect the changing nature of the consumption experiences described in Chapter 1, it is important to understand the strategic reasoning behind their implementation. Thus Ducatel and Blomley's (1990) observation that retailers in the 1980s attempted to configure retail space so as to induce consumption still holds true for the 1990s. Retailers have drawn inspiration from a variety of sources, including shopping malls and US retailers, to develop shops which can not only attract customers but also encourage them to make purchases by guiding their movements and holding their attention.

7.4 Serving the Customer

7.4.1 Introduction

A central feature of the move towards service-based competition is the emphasis placed on the role of shop staff (Crang, 1994). Whilst Lowe and Crewe (1996) note that some retailers have long used customer-relations techniques, including smiling, making eye contact, and suggesting purchases to customers (Tse, 1985; Garner, 1992), there has been a shift in emphasis from 'serving' to 'selling'. Store staff are thus being made a feature of the store format; they are 'sold' as part of the retail experience and more fully integrated into the firm's market positioning.

In the previous section it has been shown that FGRs are indeed concerned with the idea of selling a retail experience. This section therefore explores whether FGRs are indeed making their store staff part of the 'product', and the manner in which this is being done.

The shift in emphasis towards the creation of service-based shops reverses the trend established in the 1960s towards self-service shopping, typified by the service-free efficiency of the supermarket (du Gay, 1993). Self-service retail sought to shift the burden of performing certain aspects of the retail process from store staff to the consumer, and contributed to a general de-skilling of the retail work-force (du Gay, 1993; 1996).

Although the resurgence in service-based elements has important implications for the use of store staff, it does not universally imply the re-skilling of that work-force. Evidence from the FGRs included in this study demonstrates that 'service' is being introduced to stores via both passive and active staff strategies. Only strategies which require the active participation of staff in predetermined roles and routines may require the re-skilling of staff. This may in turn also empower store staff and involve a range of skills different from those traditionally associated with good customer service. However, other FGRs have developed store formats which are built around the notion of service, but keep the range of skills required by staff to a minimum.

7.4.2 Building Service into the Store

Customer service is the intangible result of a combination of strategies concerning the lines of communication between the retailer and the consumer. Good customer service may simply include presenting a friendly environment and having a complete range of merchandise. However, the provision of good product knowledge is also often cited as a central facet of service provision.

Despite an observed shift to staff-based service-provision (Lowe and Crewe, 1996), Christopherson (1996) suggests that strategies for the flexible use of staff and the reduction of labour costs remain important because of high employee turnover. Many FGRs have therefore attempted to reduce the amount spent on staff training, which may be money wasted if staff quickly leave, by building service features into the fabric of the store. While the use of atmospheric factors and store features, discussed in the previous section, are part of the process of communicating a message to the consumer, FGRs have also developed strategies which specifically try to communicate the fact that the retailer is an expert in its field.

Pets At Home has appreciated the fact that the product knowledge creates the perception of a trusted retailer, and that this authoritative position also enables the firm to encourage purchases by suggesting to customers what they need. However, Anthony Preston (Pets At Home) also believes that it is unrealistic to expect always to have store staff with detailed knowledge of pets and pet problems. The firm has therefore designed customer service and product knowledge into an 'intelligent shop', which includes features such as a veterinary surgery and pre-produced leaflets on aspects of pet care such as diet and grooming. In this way the firm is able to create the impression of a firm which knows how to look after animals properly, whilst simultaneously telling the customer that for them to do the same they should buy certain products.

Whilst Pets At Home's store design strategy clearly responds to the perceived need to offer the consumer more than just products, it rejects the notion that staff must play the central role in this. Instead it would seem to suggest the de-skilling of store staff and the removal of a need for extensive and costly training.

In the case of Matalan, product knowledge is replaced by the use of brands, discussed in a previous section, to imply quality and credibility. However, the company cites cost constraints as limiting investment in staff training. The company has therefore drawn inspiration for its store design from the supermarkets; store layout and product branding are used to communicate with the customer, who is left to make product selections themselves.

"*One of the reasons we offer value for money on our garments is that we have cheaper overheads in terms of the sites, the rents we pay, but also in terms of staff levels. ... What we need to do better is matching the service levels to the peaks of demand ... Having said that, we wouldn't overman our stores compared to the levels you get in the High Street.... What we are looking for is merchandising formulas that enable the customers to select their own garments.*"

John Garnett, Matalan. Research interview.

Central to the service strategies of many FGRs is the notion of imparting information to the consumer without staff interaction. Thus Seattle Coffee uses slogans on its stores' walls to explain different coffee types and convey the twin messages of product quality and product knowledge. Similarly, booksellers Hammicks and Ottakars provide product knowledge by creating displays focusing on the work of a particular author and through the inclusion of book reviews on the shelves respectively. Hammicks has also introduced an interactive CD-ROM based book-search system, and has adopted the listening-post concept from record stores to allow customers to 'try out' audio books before they make a purchase.

7.4.3 Selling Store Staff

Although the recent literature clearly identifies the innovative use of store staff as being a critical component of a customer service based competitive positioning (Lowe and Crewe, 1996; Crang, 1994), these studies do not make a clear distinction between the different ways in which store staff are used. FGRs highlight two key sets of staff-based strategies including: first, the passive use of store staff; and second, active performances.

Passive strategies include those cases where staff are made an integral part of the company image and store experience in ways which do not require interaction with customers. By contrast, active performances involve staff interacting with customers, often by following specific pre-defined routines. These groupings allow a distinction to be drawn between those staff strategies which require employees to possess specific skills and those strategies which do not.

The passive use of store staff to create a particular retail experience includes elements such as employee appearance. While du Gay (1996) notes that staff uniforms provide a simple way of communicating the company's image to the customer, Hogarth and Barth (1991) suggest that some retailers believe that the age of staff also needs to be appropriate to the target market. Some FGRs adopt strategies which support these suggestions. For example, Pret a Manger employs people with a youthful, clean-cut image; the company 'uniform' of blue jeans and a white shirt is intended to support this image.

In the same way that other FGRs have sought to reduce staff costs by integrating service features into the store design, Aroma has developed passive staff strategies which enable the firm to create both a particular atmosphere and remove the need for costly training. The café and coffee shop market is traditionally characterised by high staff turnover and short-term employment taken by students and travellers. Aroma has therefore attempted to make the itinerant nature of some of its employees part of the firm's Mediterranean/holiday image:

"We make a virtue of the fact that we are in catering, which is notoriously low-paid, we pay very well for catering, but [it is] still lowly paid, with a very high staff turnover. So we make a virtue of that, and as such are happy to employ students as part-timers or full-timers or whatever. We are happy to employ travellers and visitors to the country, foreigners whose command of English isn't always great, but it's quite fun to be served by someone with a thick Italian accent ... It would be nice if they could be young, attractive, charming, vivacious ."

Finlay Scott, Aroma. Research interview.

However, Vision Express goes further and presents some of its store staff as a purely observed part of the spectacle. The white-coated laboratory staff are put on display in the glass fronted laboratories, as a living demonstration of the company's promise to prepare glasses in one hour. In this way, they perform the same role as the display of the laboratory itself. Thus the laboratory staff are important both in terms of the delivery of the one hour guarantee, and also in the advertising of that offer. Retailers adopting passive strategies towards the use of staff are therefore following the shift towards marketing the whole consumption experience using store staff, whilst simultaneously failing to reverse the trend towards the de-skilling of retail employees.

The presentation of staff as a shop exhibit, which requires no interaction with the customer is in contrast to the 'face work' and 'emotional labour' strategies identified by Crang (1994) and Miller *et al* (1998). Active performance strategies require store staff to become part of the product through what they do and what they say; staff may therefore require particular skills and need special training. For example, Crang (1994) describes a restaurant chain which recruited waiters and waitresses with theatrical experience in order to turn the serving of meals into a show. Similarly, Lowe and Crewe (1996) note that fashion retailer The Gap has a particular routine for staff to follow in welcoming customers, and encouraging them to make multiple purchases, which is laid down in the GAP ACT.

Routines such as the GAP ACT emphasise particular ways in which staff should treat and talk to customers. These are also identified as being at the heart of several FGRs customer service strategies. For example, Richer Sounds highlights the need to acknowledge the presence of a customer, even when all store staff are busy, so customers realise they will be served and are less inclined to leave the shop. Similarly, Ted Baker encourages staff to compliment customers to encourage a sale, and to ensure staff do not ask questions which give the customers the opportunity to easily say they don't want to buy the item:

"The store is somewhere people want to go and spend some time ... Clearly [store staff] need to be good sales people, friendly and approachable, able to chat to customers ... It's fundamental things. You don't ask customers [things that] give them the opportunity to say 'no': "Can I help you?", "No I'm just looking". "[Instead they should say] That's a nice colour" - something which is going to draw the customer out."

Lindsey Page, Ted Baker. Research interview.

Whilst the ways in which staff approach customers are routinised in some cases, staff are encouraged to act more independently in other firms. FGRs such as Vision Express, Hammicks, Richer Sounds, Pret a Manger and The Pier believe that good customer service comes from staff being able to sort out problems without always having to ask their superiors. These companies therefore empower their staff to answer customers' questions and to act on them to ensure customer satisfaction:

"One of the keys to our philosophy is that we supply an unlimited customer satisfaction guarantee and, most importantly, everybody on our staff, no matter who they are, is totally empowered and authorised to do whatever they have to do to make a customer happy. In fact we insist on it"

Dean Butler, Vision Express. Research interview.

"[A shop assistant] would say 'I'm having this awful problem with a customer, I don't know what to do. They've sat on a sofa and they are about 16 tonnes in weight and it's not standing up to it', and I said 'and what do you think I'm going to do about it', and they said 'you're going to refund them aren't you', and I said 'yes' ... So occasionally they have to check, but at the end of the day I don't want an unhappy customer."

Alison Richards, The Pier. Research interview.

Using staff to provide good customer service relies both on enabling staff to make decisions, and also providing them with the knowledge to answer customers' questions and effectively sell a product (Lowe and Crewe, 1996). Majestic Wine has sought to build a reputation on the provision of quality wines, good product knowledge, and an enthusiasm for the product. To add credibility and authenticity to the firm's market positioning, staff are therefore encouraged to learn about wines. The stores also include wine tasting stands, a feature usually associated with vineyards and co-operatives in wine-producing regions. The store features are intended to make customers try wines out and to give them the sense that staff are genuinely qualified to make recommendations. In this way the firm hopes to encourage sales and promoting repeat visits.

7.4.4 Monitoring Quality

Unlike more formulaic retail formats, monitoring the consistency and quality of formats which rely on the 'selling of store staff' is not straight forward. However, retailers are adopting strategies to both encourage high standards and also to monitor the consistency with which targets are achieved (Crang, 1994; du Gay, 1996). Such strategies include the use of mystery shoppers, where company employees pose as customers to evaluate the service they receive (Richer, 1996). This strategy is employed by a number of FGRs, including Richer Sounds, Past Times and Vision Express:

"Our mystery shopper programme concentrates very heavily, not on technical aspects of the job, we understand that and we know when we screw it up, but on customer perception of treatment and so forth: how long people wait, do they feel they've waited too long, how did the optometrist seem, were they friendly?"

Dean Butler, Vision Express. Research interview.

While the use of mystery shoppers is not widely admitted to by FGRs, this may be related to the potentially sensitive image of the strategy as covert surveillance of staff. However, FGRs also use customer-feedback systems as a further measure to monitor staff and company performance. This often includes the establishment of a customer service phone-line or the provision of comment cards with purchases and in the stores. Retailers with such facilities include Pret a Manger, which prints the MD's phone number on its take-away packaging, The Pier, Richer Sounds, and Foothold. In the case of Foothold the hot-line facility has become as much a promotional tool as a system for monitoring standards, and thus a way to extend the influence of the company beyond the confines of the store:

"...firstly and foremost we have a customer service hot-line, which none of our competitors have. ...I'm still amazed that no-one has followed us on that one,.... It's a freephone number ... and we get a lot of phonecalls [which] are not all complaints. They are not all compliments either. Some people just keep the phone number because they want to know when the latest Nike Air Max is being released, or ... where you get this product."

Clive Klinger, Foothold. Research interview.

Richer Sounds' customer feedback system is also used as the basis of a staff incentive programme. Rewards are given for good customer scores, with extra points awarded if a personal letter of thanks is sent by the customer. The points translate into a reward fund, from which money may also be deducted if bad scores are received.

The key to good customer service lies not only in monitoring standards, but also in equipping staff with the necessary skills to perform the job. However, it has already been suggested that not all retailers are attempting to build customer service into their retail formats through the use of skilled store staff. While resistance to investing in training reflects the costs involved, it is also a result of fear that the training could be wasted. For example, a number of retailers suggested that those firms which do provide extensive and respected training schemes, such as John Lewis and Marks and Spencer, often lose staff to other retailers shortly after completion of training. Indeed some interviewees indicated that they were themselves especially keen to employ staff who had completed schemes with respected firms. Consequently retail training is often perceived as a wasted and unnecessary expense, which further encourages de-skilling in the industry:

"Training in retail has always been a problem in the sense that there are many retailers, Marks and Spencer probably being the prime one, where they invested so much money in staff training to then find that the person is offered a job somewhere else ... and the investment is gone. So unfortunately the retail trade is branded as a low pay starter type of job, we're never going to change that."

Barry Dunn, JJB Sports. Research interview.

The majority of retailers therefore rely on on-the-job training, focusing on the basics of selling and instilling the company ethos. This approach may also be complemented by a general induction course, and the use of intra-firm communication and brand-building to communicate the company philosophy (see Chapter 5):

"All of our staff go on an induction programme, but it's a culture within the business, you can't really train it, and it's inherent throughout our business ... Everybody is profit focused. Everybody is sales focused."

Rob Templeman, H&C Furnishings. Research interview.

There is a belief within many firms that the good retail staff are those with the correct attitude. Rather than investing in training to instil that attitude, retailers attempt to evaluate the suitability of an individual at the time of hiring.

One third of the FGR sample do invest in more extensive training. These firms can be divided into two approximately equal groups: first, those involved in training applicable to general retail skills; and second, those teaching format specific skills.

The first group of firms provides some limited evidence of retailers attempting to reverse the image of retailing as a low-skill, and consequently low-respect, job. For example, Pret a Manger has established the Pret Academy to teach staff how to present themselves to, and serve, customers. Similarly, Past Times has established an extensive scheme, which includes elements such as pre-prepared customer greetings. Furniture retailer Uno has also made customer-service training a core of its operations. The firm believes that furniture retailing is notoriously badly served, and that this therefore presents a market opportunity to gain a competitive edge over rivals:

"We train every member of store staff for one hour every single day, except on Sunday, when it's an hour and a half. That is 39 man days of training and communication per employee per year, not including external courses. [We focus on] how to close a sale, through to customer service techniques, from product knowledge through to whatever..."

Paul Rosenblatt, Uno. Research interview

The second group of more specialist training includes retail opticians where particular staff require specific skills. Both Majestic Wine and Hammicks have extended the idea of staff training by offering staff the opportunity to take formal exams in their respective product areas. Majestic staff are able to study for the Wines and Spirits Education Higher Certificate, on completion of which they can continue to diploma level. Similarly, Hammicks has helped develop a BA Certificate Diploma in conjunction with the Booksellers Association; this is a vocational qualification directly concerned with book-selling skills.

7.4.5 Summary

Although retailing has been characterised by a general de-skilling of store staff and a shift towards self-service since the 1960s, more recent accounts have identified a return to service-based trading styles (du Gay, 1993; Lowe and Crewe, 1996). Central to the re-emergence of service retailing has been the inclusion of shop staff in the firms' positioning strategies through the use of 'emotional labour'. This includes the appearance and actions of shop assistants which are integrated into the proposition being offered to the consumer (Crang, 1994).

FGRs have recognised the need to compete on the basis of the retail experience, and are actively developing the store as part of the product. However, the role of store staff remains ambiguous. In many cases shop assistants still require few special skills, and are integrated into the 'shop product' in passive ways. Although a significant minority of FGRs are using staff in a more active manner none are involved in the more dramatic strategies identified by Crang (1994); instead they have adopted diluted forms of these strategies. Thus, the staff strategies employed by Aroma and Vision Express, for example, include theatrical elements. FGRs are therefore serving to introduce ideas usually associated with spectacular one-off retail businesses to the mass market of the high street and retail park.

7.5 **Conclusion** The Store as Product

The increasingly important roles of consumption as a leisure activity and as the basis for personal identity construction are directly related to consumers' experiences in shopping centres and retail outlets. Whilst the predominant focus of attention within retail studies remains on the most spectacular manifestations of new consumption forms (Crang, 1994; Lowe and Wrigley, 1996; Miller *et al*, 1998), many FGRs can be seen to be the firms introducing diluted versions of 'spectacular' retail forms into the mainstream of "High Street" retailing.

The study of FGRs supports the notion that retail competition and differentiation is being sought by attempting to 'add value' to the basic products sold. This is occurring both through the use of branding strategies and the creation of retail formats with additional non-product or service-based features designed to attract customers. FGRs therefore reveal the importance of non-price based competition which involves selling the store as part of the product. The notion of customer service is central to FGRs' reliance upon non-price-based competition. However, the customer-service strategies adopted fall within a broad definition. In a limited number of cases active participation of staff, as identified by Crang (1994), is used by FGRs. Elsewhere staff are integrated into the retail format via passive strategies, or remain unskilled. Indeed staff are still perceived by most FGRs as an area where costs can potentially be cut, whilst creating a more coherent retail experience may be achieved through store design and branding.

FGRs are indeed introducing into the retail environment a range of new and innovative features including leisure-based features, customer service initiatives and the use of more theatrical elements to store design. However, the predominant role of FGRs in this respect is in introducing such strategies to the mainstream of retailing, rather than as genuine innovators. As Chapter 4 suggested, the study companies are adapting ideas from retailers in other sectors and geographical markets, as well as sharing strategies with the larger retail development scale. Thus FGRs are often introducing unique ideas which are unique within their particular marketplaces, although these strategies emulate or modify those developed elsewhere. Whilst store-based strategies are altering the retail and consumption possibilities for many shoppers in everyday retail environments, the retailers' motivations for their introduction remain rooted in the need for market differentiation, a clear market positioning, and the need to compete on the basis of factors other than price.

8

CONCLUSIONS: FAST GROWTH RETAILERS AND CHANGE IN THE RETAIL LANDSCAPE

8.1 The Role of Fast Growth Firms

8.1.1 Introduction

Although the changes in the ways and places people shop have been well documented within academic research, far fewer studies have sought to understand the role of the retail business in this process of change. Those studies which have considered the retail firm, have tended to focus on select groups of retailers, notably the grocery supermarkets (e.g. Wrigley, 1993; 1994; 1996), the department store (Dowling, 1993; Blomley, 1996) and high-profile fashion chains (Lowe and Wrigley, 1996). The fact that fast-growth retailers (FGRs), in particular, have remained an unresearched group is surprising in the light of the success of chains such as Next, Body Shop and Tie Rack, which characterised the retail boom in the 1980s. This study has sought to redress the balance by focusing specifically on FGRs, and the role they play in driving the changing nature of the retail environment.

Chapter 3 demonstrated that academic evidence already exists, outside the realm of retail-related literatures, to support the idea that FGRs are of broader significance. Studies of fast-growth companies, such as those of Harrison and Taylor (1996) and Storey (1994), indicate that growth is often used as a surrogate for innovation and that fast-growth firms are considered to be key agents of change within their trading environments. This study has explored whether FGRs share the innovative characteristics of the broader population of fast-growth firms, and has attempted to discover if, and in what ways, FGRs are changing the retail environment. Strategy has played an important role in this examination, forming, as it does, a bridge between firms' growth ambitions and the manner in which they are realised on the one hand, and the impact FGRs have on the retail landscape on the other.

In the first section of this chapter (8.1), the basic questions posed by this study are addressed: consideration is given to whether FGRs are indeed forces of change in the retail environment, and if so, what form these changes are taking. In the light of these findings, the characteristics of the sample retailers are also considered in the context of the broader population of fast-growth firms. In the following section (8.2), attention is given to the question of whether growth is the critical component enabling the sample firms to act as agents of change; thus growth is explored as the context in which the retailers' strategies were formed and implemented. The manner in which retail strategy is forged and subsequently serves to modify the retail environment is placed within the context of existing literatures considering strategic decision making. Section 8.3 raises methodological issues arising from the research process and considers what further opportunities are presented by the research in this study. In the concluding section (8.4), the study's key findings are reviewed and restated.

8.1.2 The Changing Retail Landscape

Chapter 1 revealed three key elements to the retail revolution: the ever-changing array of retailers' names; the diversification and multiplication of retail spaces; and the emergence of a plethora of a new retail experiences. In this section, the role of FGRs in affecting each of these processes is considered.

The rapid geographical expansion of FGRs means that these companies have quickly become household names and are thus an integral part of the process of new names appearing within shopping environments. However, FGRs are also a central part of the process of retail names disappearing from the High Street. The success of FGRs means that they are both in a position to grow via the acquisition of smaller rivals and also are themselves attractive acquisition targets for other established retail businesses. Since conducting the database search for this study, a further 10% of the interviewees' companies have been involved in mergers and acquisitions. While acquisition has proved an important strategy for FGRs operating in expanding markets, it should be noted that the success of FGRs in certain sectors is, in turn, a force driving the perceived need for consolidation by other firms trying to compete. FGRs expanding via acquisition include JJB Sports, which bought rival Sports Division in 1998 (MacDonald, 1998), Focus DIY, which purchased the Do It All chain (Unquote, 1998), H&C, Dawn Til Dusk, and Foothold.

By achieving growth through a process of acquiring or being acquired, UK-based fast-growth retailers establish their strategic innovations more firmly within the business environment and are thus able to exert a longer-term influence on the nature of the retail landscape. FGRs are an attractive purchase target for established retail firms in a number of key ways. For example, they may be introduced as an innovative element to be injected into a stagnating business or serve to broaden an established firm's target market. Thus, the purchase of Racing Green by Arcadia added an upmarket catalogue retailer to the company's portfolio. However, many UK FGRs have been the subject of acquisition by foreign companies, particularly North American firms, looking to expand into the UK. Most notable are those of The Pier by Pier One Imports, Seattle Coffee Company by Starbucks, Pet City by Petsmart, Aroma by McDonalds, and Books Etc. by Borders. In the majority of these cases, the UK-based FGRs have been purchased by the American firms which had in part provided the original inspiration for the store format of the UK company.

The second key area of change in the contemporary retail environment concerns the proliferation of retail spaces. In Chapter 1, the out-of-town retail park and regional shopping centre were identified as being the key retail spaces which have gained prominence over recent years. Additionally, alternative retail locations, such as railway stations, airports and motorway service areas have become an established feature of the UK retail landscape (Bills, 1998). Most recently home-shopping has experienced considerable change, notably through the emergence of upmarket catalogue retailers and new retail spaces such as the internet.

During the 1980s, FGRs were of considerable importance in the reshaping of city-centre retail spaces. Companies such as Next and The Body Shop highlight several key processes, which have been repeated in new contexts by the FGRs of the 1990s. For example, the upward spiral of city-centre rental costs in the 1980s is attributed in part to the rapid expansion of, and demand for space exerted by, firms such as Next (Gardner and Sheppard, 1989). However, the pushing up of rents also served as an important force encouraging other retailers to identify new, cheaper, locations. In the 1990s, FGRs have created a similar situation. Many firms which might traditionally have traded in city centres, such as sports, toy or clothing retailers, have sought cheaper rents in out-of-town locations. In the same way that Next drove up city centre rents, 1990s FGRs have pushed up out-of-town rents and have, in turn, again encouraged other retailers to seek other alternative locations into which to expand.

Solutions to the problem of rising rents used by the 1980s FGRs included both developing formats which did not require large amounts of floor space (and the associated high rental costs), as well as the identification of new locations where rents were cheaper but customer flow remained strong enough to allow successful trading. Such location- and property-based solutions are exemplified by the strategy adopted by Tie Rack and Sock Shop. These firms pioneered the development of both small-format city centre units and a range of other formats tailored to alternative sites in non-traditional locations such as railway stations and airports.

In the 1990s, property has again been the basis for the solutions developed by FGRs seeking to minimise rental costs. JJB Sports has, along with Birthdays and The

Pier, adopted a strategy of using first-floor space in city centres. An alternative strategy, pursued by Games Workshop and The Pier, has been to put increased emphasis on the development of a retail brand and store format which will act as a destination and attract people to secondary locations on the edges of traditional shopping areas. However, some FGRs are responding to factors such as rental levels and changing patterns of consumption by reversing this process. For example, cosmetics retailer Virgin Vie which has opened a limited number of retail outlets, is now refocusing attention on its more profitable and rapidly expanding direct marketing operation (Morell, 1999). In-so-doing the company is aiming to achieve success by rejuvenating the home as a retail space; this echoes the strategies pursued by retailers with an internet or catalogue presence such as Games Workshop and Thorntons. Indeed, Thorntons has recently announced a strengthening of its commitment to this area and is spinning-off its internet and mail order operations into a separate company; this move follows a change in the company's strategic plans and an associated change in the management team including the departure of the chief executive (Smith, 2000).

The revolution in retailing which has occurred over the past twenty years has also included an increased emphasis on the notion of the retail experience at the scale of both the shopping centre and the retail unit. For example, the building of retail and leisure activities alongside one another is now commonplace. By the same token, shopping is also increasingly being presented as a leisure activity in its own right, as highlighted by Crawford (1992), Newby (1993), Shields (1992) and Miller *et al.* (1998). Some centres, such as Kent's Bluewater, are even reported to be considering further developing the leisure theme and actually charging consumers an entrance fee; under this model, retailing not only uses leisure features to attract consumers, but overtly markets shopping as a leisure activity (Cohen, 2000). At the scale of the retail unit, particular trends towards customer-service initiatives and the use of store staff in the creation of a spectacle represent ways in which leisure and theatrical features have been used to create a competitive advantage in an era when price competition is increasingly insignificant (Crang, 1994; Lowe and Wrigley, 1996).

The FGRs considered in this study have clearly helped drive this trend by adopting a range of strategies designed to both position the company's image within a lifestyle concept and use leisure to attract customers. However, FGRs demonstrate that the use of leisure is not just about attracting customers by creating a 'spectacle', or by being different from the competition. Rather, FGRs have used leisure to attract and hold customers' attention within the store, and to expose them to a range of other marketing and positioning messages. Simple spectacle and entertainment are relevant to FGRs, but primarily within the context of generating positioning messages and purchase inducements rather than just to catch people's attention.

Although issues surrounding the notion of service are an important part of the use of store space, design and layout are being used to communicate with customers. Thus, leisure features, such as JJB's basket-ball court and Games Workshop's gaming tables in the respective companies' stores, are used to attract customers through spectacle, but also seek to increase customer dwell time and position customers so as to provide them with the opportunity to see all the store's merchandise and positioning statements. Retailers are increasingly using store space in the same way that developers use mall space to present a particular image and message to the consumer (cf. Chaney, 1990; Shields, 1989). The retail format is not only designed to present the products, but to tell consumers whether they are customers of that particular retailer; image and lifestyle elements are thus included in the store design as a way of segmenting the market. The combination of leisure spectacle and customer manipulation is a step beyond traditional store-layout strategies, which sought to guide customers around the store, and identifies FGRs as catalysts driving key changes outlined in Chapter 1.

The need to combine spectacle with strategy, rather than simply to use image and presentation as a retailer's point of differentiation, is also reflected in the way FGRs have made store staff an integral part of the store format. However, whilst the literature (Crang, 1994; du Gay, 1996) focuses on the use of store staff through the proactive involvement of shop assistants in premeditated performances, a number of FGRs have demonstrated that passive strategies are equally important. For example, Vision Express's passive and unstructured use of laboratory staff is a feature central to its stores appearance; while this emphasises the increased importance of theatrics in business presentation (cf. Pine and Gilmore, 1999), it is also critical in the company's positioning relative to its competitors.

Although the use of store staff in retailers such as The Body Shop or The Gap (Roddick, 1992; Lowe and Crewe, 1996) requires the learning of particular roles, many FGRs adopt a different approach. Instead of reinforcing an argument that successful retailers in the 1990s need to hire increasingly skilled staff (identified in some companies by du Gay (1996)), or at least to invest in training, FGRs provide further evidence of de-skilling within the retail sector by building customer service into the fabric of the store (cf. Christopherson, 1996); this includes developing passive roles for staff, as has occurred in the case of Vision Express.

8.1.3 The Fast Growth Environment

This study considers the broad changes witnessed within the UK retail environment in terms of individual FGRs and retail entrepreneurs. However, in Chapter 3 it was noted that retailers are under-represented in the fast-growth sector; whilst 14.1% of all VAT registered firms are retailers (BVCA, 1996), Storey (1996) identifies only 6.7% of all fast-growth firms as being involved in retailing. However, elsewhere the high-profile success of companies such as Carphone Warehouse, which was the fastest growing company in the UK in 1996 (Retail Week, 1996a), and the fact that The Sunday Times/Virgin Fast Track survey (Sunday Times; 1998) identifies ten percent of the UK's 100 fastest growing firms as being retail businesses highlights that FGRs do form a significant group (see Table 8.1).

A unique feature of the retail industry is the diversity of product markets represented. This study shows that while FGRs are present across the whole spectrum of retail sub-sectors (see Table 3.2: Chapter 3, page 69), such companies are particularly prevalent in certain sectors; it also highlights the fragmentation and diversification which characterises the contemporary retail landscape (see Chapter 1). Thus, the home furnishings market and fashion-clothing sectors dominate; however, FGRs have developed in a broad range of niche markets which serve to subdivide such sectors. Additionally FGRs have pioneered emerging sectors, such as branded coffee houses and pet superstores, which are introducing new elements to the retail landscape. The Virgin Fast Track 100 study (Sunday Times, 1998) echoes these results by identifying retailers in emerging and rapidly expanding markets such as mobile communications, retail opticians and unusual gifts (see Table 8.1).

Table 8.1 Virgin Fast Track 100 - Top 10 Retailers

Name	Sector	1998 Top 100 Position	1997 Top 100 Position
Optical Express	Optician	2	-
Software Warehouse	Computers	13	12
Roldec Systems	Computers	37	9
JP Boden	Clothing	51	26
Carphone Warehouse	Communications	69	39
DK Communications	Communications	72	2
The Gadget Shop	Gifts	74	-
Basebuy	Clothing	77	-
Glyn Webb	DIY	99	72
The Jean Scene	Clothing	100	-

Source Virgin Fast Track 100/Sunday Times, 1998

While an important distinguishing feature of retail firms, the diversity of the retail sector is also a key force driving retail change. For example, the differences between the low-volume furniture retailers and high-volume clothing retailers have been central to changes in out-of-town retail parks (see Chapter 6). Similarly, FGRs' relationships with suppliers and manufacturers have also helped shape the retail formats. Thus, Thorntons is restructuring its supply chain to improve product quality, while Uno is seeking to introduce a more efficient ordering system to improve its service and Vision Express has made lens grinding a feature of its stores. The differing nature of the trading circumstances of suppliers' product markets has also had an impact on the nature of the retail environment.

Chapter 3 revealed the geographical origins of FGRs to be different from those of fast-growth firms as a whole. Retailers show a dramatic over concentration in the London and South East, as well as larger than expected numbers of companies in the North West and the Midlands. This pattern reflects characteristics particular to the retail industry, including an established London-based retail culture on the one hand, and the continued importance of factors such as distribution (and thus access to the motorway network) on the other.

FGRs do reflect the characteristics of the broader population of fast-growth firms in terms of company age. Most fast-growth firms have been founded in the last ten to fifteen years (Storey, 1996), reflecting a life-cycle element to company growth where businesses reach a point of critical mass some years after start-up. Results presented in Chapter 3 demonstrated that the FGR sample reflected similar results.

However, this study also demonstrates the importance of convoluted founding circumstances as a feature of FGRs as business entities. While FGRs' founding dates reflect a trend seen across all fast-growth firms (see Chapter 3), they also reveal that founding dates are often a nominal marker representing instigation of the firm's latest incarnation. A distinction is therefore drawn in this thesis between the 'company' as the formal entity, and the 'business' as a broader set of people and ideas. For example, a significant number of FGRs were spin-outs from other firms, notably wholesalers. In other cases, the entrepreneur has founded and managed several businesses with broadly similar trading styles. Under these scenarios, it is emphasised that a company's founding date does not represent the moment at which the ideas and skills required to form that entity begin to form.

The role of the entrepreneurs' previous experiences and networks of contacts is a further significant component of FGRs; this again highlights the role of pre-start-up occurrences in a firm's subsequent success and also emphasies the fact that two key sets of skills are required to achieve fast-growth success in the retail sector: format-development and business-management skills. The FGR sample reveals a further distinction between the type of entrepreneur driving the firms' growth paths. Because growth does not necessarily happen at start-up, and is often a function of the introduction of new management (see Chapter 4), FGRs enable 'founding' and 'growth' entrepreneurs to be identified within the sample population. A further category of 'manager-entrepreneurs' reflects the fact that a number of the FGRs are owned by external organisations, notably private equity houses, and are being developed on their behalf by managers introduced via the investors with the specific aim of growing the firm.

FGRs do reflect the characteristics of all fast-growth firms in that they emphasise the fact that growth rarely occurs unprompted (Storey, 1994a). In order to achieve rapid expansion, FGRs have both desired, planned for, and anticipated growth. The more pertinent question then becomes why grow? FGRs highlight traditional 'growth values', such as the perception of strength through size and the ability to achieve cost-reducing economies of scale (Reynolds, 1993), but also emphasise the fact that more specific strategic aims may also generate a desire for growth. The sample firms identify four groups of reasons for pursuing growth-orientated strategies including: costs, knowledge, staff, and location; all of these are intrinsically linked to the survival of the business and the ability to pursue other format-specific strategies.

8.2 Growth and Strategy

8.2.1 Strategy and Corporate Culture

The evidence reviewed in the previous section both demonstrates that the sample firms are indeed agents of change in the retail landscape and also reveals important aspects in the development of fast-growth firms. In this section, these attributes are placed within the context of existing literatures concerning business strategy and economic geography. In-so-doing, the intention is to consider the manner in which FGRs' strategic decision-making processes are integral to change in the retail landscape and to situate this examination of growth and strategy within a literature, that of the new retail geography, which has otherwise neglected key aspects of these themes (see Chapter 3).

Research within management studies and economic geography which considers the nature of, and guiding principals behind, business strategy already exists. An important distinction between the two is the treatment of corporate culture and its position within the strategic decision-making process. Within the management literature, corporate culture is defined as concerning a set of social conventions including behavioural norms, standards, customs and 'rules of the game' underlying social interactions within the firm (see for example Kotter and Heskett, 1992; Hampden-Turner, 1990; Trice and Beyer, 1993); culture tends to be seen as a unifying elements that enables the smooth and stable functioning of the corporation (Schoenberger, 1997). Management and, in particular, a company's founders are viewed as being the primary producers of corporate culture. Over time, culture therefore comes to embody the shared learning experiences of the group (Schein, 1992). Kotter and Heskett (1992) see the behaviour of a firm's management as being the product of four separate components: corporate culture; formal structure, systems, plans and policies; leadership; and the competitive and regulatory environment. Within this structure, each element can be considered separately.

The relationship between corporate culture and strategy is presented in the management literature as one where a change in strategy may require a change in the values and behaviours which define a firm's culture. Under this model, corporate culture is seen to be related to competitiveness in two key ways. First, it is linked to organisational form: the degree of hierarchy, formalisation or centralisation within a firm impacts upon the collective business culture. Second, culture is linked to the internal social relations of the firm in terms of values such as cooperation, teamwork and empowerment.

Because corporate culture is seen to be a product of learned behaviours and attitudes, which are often deeply rooted and tacit in nature, Schoenberger (1997) suggests that culture can become a barrier to strategic change under this model. This view follows Ouchi (1981), who also notes that, while influencing management behaviour requires cultural change, this is a slow process because the deep rooted belief networks serve to try and maintain the status quo. The essence of good leadership, Schein (1992) therefore suggests, is the ability to realise when culture is being restrictive and to step outside that cage to identify new ways to move forward. Where corporate culture does not evolve with strategy, it becomes a static element preventing the implementation of optimum strategic options often in the face of ample market knowledge.

However, Schoenberger (1997) argues that this is in fact an unsatisfactory characterisation of corporate culture. She suggests that corporate culture is, in fact, inherently in a constant state of change and is never static or achieved:

"[Culture] is always being produced by virtue of the fact that our practices, relations, and ideas are always being confronted with new problems and conditions, some of them created by culture itself, some produced in the firm's environment"

Schoenberger (1997), pp. 121-2

Gertler (1995), likewise criticised economic geographers for previously adopting a static conception of culture and called for greater emphasis to be placed on the processes through which corporate culture is produced. Within economic geography, therefore, an alternative, broader, understanding has emerged which also suggests that culture and strategy are more tightly entwined than is implied by the existing management studies literature. This relationship is characterised as being reciprocal; culture both produces, and is produced by, strategy:

"The relationship between corporate culture and strategy is also more intimate than is normally conceived. Strategy embodies knowledge and interpretations about the world and the firm's position in it. It is an exercise in imagining how the world could be or how it ought to be. In this light, strategy is produced by culture. At the same time, since the past trajectory of the firm embodies specific configurations of practices, relations and ideas, culture is also produced by strategy. The two are mutually constitutive categories"

Schoenberger (1997), page 122

Schoenberger (1997) suggests that there is a need to look beyond the boundaries of the firm and adopt an understanding of corporate culture which embraces what we do, the social and historical circumstances in which events occur, and how we think about and understand what we do. Three principal components to this notion are identified: material practices, including technology, the organisation of production, division of labour, and work tasks and process; social relations, which includes the elements forming the foundation of the management studies approach, such as behavioural norms and standards, and rights and obligations within the business; and ways of thinking, including ideas and meanings, and the process of interpretation and construction of knowledge.

It is emphasised that there are multiple corporate cultures within a given firm relating to different tasks and echelons of management. This also builds on the need to understand the relationship between strategy and the strategist; Schoenberger (1994) emphasises that firms are run by real people, and that their interpretations of the world and ability to shape strategy are key components of the production of corporate culture (cf. Chapter 4).

The view of the relationship between culture and strategy proposed by the geography literature sees culture develop through the conflicts, tensions and contradictions faced by firms (Schoenberger, 1997; Pascale, 1990); organisations, strategy, technology, and market orientation are thus all implicated in the process of cultural change. Dicken and Thrift (1992) (in seeking to advance corporate geography in response to Walker (1989) (see Chapter 2, section 2.6.2)) echo Schoenberger's model of entwined and reciprocal relationships producing corporate culture by emphasising the need to explore intra-firm networks of relationships to demonstrate the ways in which firms are embedded in their market places. Corporate culture, as Shackleton (1996) also suggests, therefore presents a potentially useful research focus through which to explore strategy.

In the following sections, the nature of FGR strategies is considered in the light of the literatures outlined above. The relevance of growth as a focus for research is discussed and the ways in which evidence from FGRs builds on the management studies and geography orientated understandings of strategy are outlined. The focus in the first section (8.2.2) is primarily on growth and the building blocks of culture internal to the firm. In section 8.2.3, following the example of Schoenberger, Dicken and Thrift, and Walker, a broader understanding of the forces shaping strategy is developed.

8.2.2 Shaping Strategy: The Role of Growth

The common element linking the members of the sample population considered in this study is their characterisation as growth firms. To understand the way in which these firms are making an impact on the nature of the retail environment, it is therefore also important to consider why growth is a relevant medium through which to conduct research.

Chapter 3 reveals that the majority of FGRs do actively desire and seek growth. Growth is not just a stage in a firm's development, as some life cycle models suggest; rather, plans for growth are developed and acted upon. The FGRs' behaviour and strategic decision-making is therefore, at least in part, being shaped by managers' aims and strategies for achieving growth. FGRs also demonstrate that the role of the founder or key entrepreneur is central in defining corporate strategy. Aspects of founders' former careers or lifestyles are, for example, often visible as influences on elements of the retail format. The sample companies therefore provide the possibility of exploring the relationship between strategy and the strategist, which Schoenberger (1994) and Jones (1991) highlight as being of central importance.

The characteristics of the sample firms, in terms of their growth and entrepreneurial origins, present a number of opportunities for understanding the nature and impact of strategic decision-making in the light of the literatures discussed in the previous section. Inherent in both Schoenberger's (1997) view of corporate culture and the rapid growth of a business is the notion of change. Understanding the way in which change occurs in the fast-growth environment therefore presents the possibility of examining Schoenberger's characterisation of the relationship between strategy and culture more closely. In order to achieve growth, FGRs do also show signs of understanding the importance of culture; the firms have had to develop internal strategies for ensuring that staff, as well as management, are able to make the transition from working for a small firm to working for a large one. Thus, brand building has become just as important within the firm as it is in relation to communicating with customers. While culture may remain tacit in many respects, FGRs' management teams are, in many cases, proactively delineating culture as a means of ensuring the company works as an homogenous unit and can therefore effectively implement strategy.

This thesis also highlights the fact that there are strong similarities between elements considered to be constituent parts of both the management studies' view of culture and also Schoenberger's category of social relations within the entrepreneurial desires and motivations for growth identified in FGRs. Indeed, the sample firms highlight the fact that, in understanding the nature of the firms' retail formats and their impacts on the retail landscape, it is essential to also understand their origins and those of the founder and key entrepreneurs.

Schoenberger (1997) characterises culture as also being about 'what we know' and 'who we are'. The origins of FGRs again support this idea. In a number of cases, such as JJB Sports, Seattle Coffee Company, and the Early Learning Centre (see Chapter 4), key aspects of the founding entrepreneurs' personal lives were instrumental in shaping the nature of the company.

The role of experiences, knowledge, skills and personal lives also serves to emphasise the importance of the key entrepreneur as the embodiment of those values. However, the evidence from this study highlights the need to define the roles of the key individuals behind fast-growth firms more clearly. FGRs reinforce results compiled by Storey (1994a) which suggest that a range of skills are required to make a business work. A number of studies (Barkham, 1992; Kinsella *et al*, 1993) have also noted that successful fast-growth businesses tend to be founded by teams, as opposed to sole entrepreneurs, with members of the teams bringing a range of different skills to the companies. In the case of FGRs, two particular sets of skills can be identified: those relating to the creation of the retail format, and those relating to the management of the firm.

The success of FGRs is, in part, a reflection of internal elements of corporate culture; knowledge, both of the market and trading norms, together with previous experiences and skills have been instrumental in terms of opportunity identification and implementation of growth. The significant proportions of entrepreneurs who had previously worked in related companies and sectors highlights the role of skills, knowledge and experience required to make an FGR a success. This is also shown through the number of cases of teams of people founding a firm and cases of sequential entrepreneurship; in both scenarios, the point that successful companies require a range of skills relating to format creation and business management to be present is emphasised. However, examples such as Furniture Village also indicate that knowledge of industry norms can serve to reveal gaps in the market for alternative strategies; FGRs are not, therefore, necessarily the product of entrepreneurs following the examples set by their predecessors.

FGRs demonstrate that different types of entrepreneur, who posses skills pertinent to a particular period in a company's growth, can also be identified; these include 'founding entrepreneurs' and 'fast-growth entrepreneurs'. The former defines the business's target and values, while the latter develops a business structure which realises the firm's growth potential. 'Manager-entrepreneurs' may also be introduced to the business by external owners at a later stage, to guide the firm. FGRs emphasise the need for this range of skills, but demonstrate that they need not necessarily be present simultaneously; thus, some FGRs have undergone the process of 'sequential entrepreneurship', where the 'founding entrepreneur' or 'manager-entrepreneur' will put in place the basic format, while a subsequent 'fast-growth entrepreneur' will develop that format into a successful fast-growth business.

The relevance of the strategist in the development of successful strategy is further emphasised by the multiple occurrences of serial entrepreneurship within the FGR sample group. Such individuals play the role of introducing a whole range of innovations and changes to the retail environment through several successive companies. Serial entrepreneurs may also exist within the process of sequential entrepreneurship, with the individual performing different roles in successive ventures.

Serial entrepreneurs therefore have the potential to have a significant impact on the nature of the retail environment and consumers' experiences of shopping. Whilst this often occurs through the medium of fast-growth firms, this is not necessarily the case. For example, Charles Dunstone, who has risen to prominence as the founder-entrepreneur of Carphone Warehouse, has since taken the skills acquired through that project and applied them to several other retail businesses. He recently purchased of ailing photographic retailer Tecno as part of a syndicate which also included serial entrepreneur Julian Richer, and also acquired the Tandy chain for integration into the Carphone Warehouse group. Similarly, serial entrepreneur Giles Clark achieved fast-growth success with Pet City. However, although he previously co-founded Majestic Wine, that firm achieved fast growth under a different entrepreneur. He has also subsequently gone on to found a rapidly expanding on-line personnel services provider, StepStone. The role of the individual retail entrepreneur is therefore of ongoing importance to change in the retail environment.

While the broad characteristics of growth present a number of benefits in terms of understanding strategic decision making, FGRs also provide a reminder that growth is not a single strategy. Rather, it is a set of strategies, which, in the case of FGRs, are not employed solely as a means of achieving growth as an end in itself. Indeed a range of aims are relevant in terms of the selection of particular 'growth' paths. The decision to implement particular strategies which result in growth is therefore not just a function of the constituent parts of the firm's internal corporate culture. Most FGRs developed growth strategies to achieve certain strategic goals which improve the operation of the firm: these included retaining good managers and staff; obtaining good locations; achieving a first-mover advantage; and more traditional aims such as achieving economies of scale as well as identifying and attracting consumers in an economically viable market. In most cases, the specific strategic aim was related to the broader goal of survival. The broad context in which strategy is developed is considered in the following section.

8.2.3 Forging the Retail Environment

FGRs demonstrate that many of the internal aspects of the company and characteristics of the entrepreneur are, as both the management studies and geography literatures suggest, important in defining the companies' corporate cultures and their strategic trajectories. Indeed, it is possible to pick examples from the sample firms which demonstrate how aspects of Schoenberger's (1997) three core elements of corporate culture (material practices, social relations and ways of thinking) are of particular significance in specific cases. In the previous section the focus was again placed on the entrepreneur and the firms' origins. Elsewhere in this study, elements such as technology (in particular EPoS systems, see Chapter 7), data collection and communicating with staff (see Chapter 5) and the business growth model (e.g. organic growth versus acquisition versus franchising) (see Chapter 5) have been shown to have an impact on the nature of the business, its store format and the broader retail landscape.

However, while these principally internally-focused aspects of FGRs are important in building an understanding of the role these firms play in the retail landscape, they do not fully appreciate the broader network of influences which are at work. In this section, the key influences are identified to develop a picture of FGRs which shows that they shape, and are shaped by, a network of supply- and consumption-side elements. This is intended to build on Schoenberger's conception of a reciprocal relationship between corporate culture and strategy, as well as drawing on Dicken and Thrift's (1992) vision of the development of corporate geography (see Chapter 2).

FGRs do emphasise the role of conflict and contradiction in the development of strategy as well as revealing a number of reciprocal relationships which embed the retailers' strategies firmly within the structure of the firm and its business and consumer trading environments. Schoenberger (1997) sees a close relationship between culture and strategy and highlights the role of conflict and struggle in cultural change. It is also suggested that the deep-rooted elements on which culture is formed can make the firm resistant to change and are thus a barrier to effective strategic decision making. FGRs similarly emphasise the role of conflict; however, rather than producing inaction, conflict often acts as the stimulus for a key strategic and cultural changes (see, for example, JJB Sports or Uno's response to rising rents and decreasing space availability in out-of-town retail parks). FGRs' actions in this regard also tend to have significant impacts upon the nature of the retailers' store formats and, in turn, the nature of the retail environment from the consumers' perspective.

FGRs reveal themselves to be at the centre of a network of influences which include consumers and the consumption environment, the entrepreneur and entrepreneurial background of the firm (discussed in the previous section), direct competitors and retailers in other geographical markets or sectors, supply side and operational aspects of the company and trading environment including technology, staff, and legislation. While this initially presents a similar, if broader and retail-specific, set of influences on strategy to those proposed by Kotter and Heskett (1992), FGRs go on to reveal a range of dynamic and reciprocal relationships which relate more closely to Schoenberger's (1997) reading of strategy and corporate culture. However, this also broadens the scope of Schoenberger's model to increase the emphasis on the impact of external elements of the trading environment.

The importance of consumption market factors to retail strategy is emphasised by the fact that, as was suggested in Chapter 1, since the retail boom of the 1980s, there has been a shift away from price-based competition. FGRs reflect this shift and have developed marketing positions which use branding, leisure and store features to make the retail experience the key basis for competition. FGRs have therefore also sought to clearly define, and tailor their format to, a particular target market. The increasing emphasis on non-price-based competitive stances, and in particular the use of customer-service initiatives, has also highlighted the need to monitor consumers' responses to positioning strategies to ensure consumers needs are being met. While Schoenberger (1997) notes that holding useful market information is not enough to ensure the most appropriate strategies are adopted, Chapter 5 shows that FGRs have at least ensured that they do hold formally-collected market data which can be used to guide strategy.

Retailers are thus employing a range of tactics including questionnaires (e.g. Richer Sounds, Pret a Manger) and loyalty schemes (e.g. Hammicks) as well as developing relationships with organisations, such as magazines (e.g. Schuh and fashion magazine M8), to maintain an awareness of specific market circumstances and changes. However, in the cases of firms such as Schuh, JD Sports and the urban coffee houses, the companies have developed a market positioning based upon more intangible aspects of consumer culture. The sources of market information guiding strategy are not, in such cases, the comments from existing customers, but, for example, evidence from what is going on in other geographical markets or evidence from what is happening in the club, music or extreme sports scenes.

These sources enable the firms to tap into the cutting edge of consumer culture as a way of beating the competition is giving the latest developments a broader consumer audience. FGRs have utilised five principal sets of retail-based sources of new ideas including: other retailers in the same market sector; retailers in other sectors; retailers in other geographical markets (the US has proved a particularly important source of ideas adopted by UK FGRs); the fashion world of the catwalk; consumer sub-cultures (such as extreme sports, the music scene, and club culture).

Foreign geographical markets have proved an important influence on the nature of retailing in the UK. In particular, the USA has been a source of a number of store format and feature ideas. For example, the pet superstore, branded coffee shop, and retail-orientated opticians are all formats which have become integral part of the British retail environment because of the actions of UK-based FGRs, but are based on existing US retailer's formats. Likewise, features included in JJB's sports warehouse, which is itself a US idea, draw directly on those seen in American stores; the basketball court and raised area with mirrored wall for displaying footwear all originated in the USA. The increasing number of bookstore-cafés in the UK also follows the success of that format in the USA. Likewise, the initial inspiration for chains such as Past Times and The Pier came from companies already trading in North America. In a significant number of cases interviewees noted that the founder of the UK-based FGRs had been on a fact gathering trip to the USA before launching the company, and that this had a profound impact on the choice of retail sector and the format adopted[1].

FGRs have not only adopted ideas from retailers trading in foreign markets, but have also adapted ideas from UK retailers trading in other market sectors. The grocery supermarkets have provided inspiration for a number of FGRs in terms of store layout,

[1] It should be noted that this particular role of the entrepreneur is not one which is particular to the contemporary retail environment. Mort (1997) notes that Montague Burton had a profound impact on the retail of clothing in post-war Britain, and that many of the ideas used by Burton were adapted from those observed in America during his travels there.

market-monitoring procedures and stock control. In particular, EPoS systems have been adopted by FGRs across the retail spectrum to enable the implementation of just-in-time systems, better control of stock selection, and as a way to monitor consumer preferences. For example, in the furniture sector EPoS technology had not been used before and, in fact, had previously been considered unnecessary. The low sales volumes made it relatively easy to monitor sales without the need for complex computerised systems. However, retailers such as Uno and H&C have demonstrated that the additional knowledge held in EPoS systems, and the ability to link sales and stock ordering systems, provides the basis for building a competitive advantage which has contributed to the rapid growth of these companies.

The use of EPoS systems also has implications for store design. The ability to implement just-in-time delivery systems has been exploited by JJB Sports, resulting in a store layout which follows the supermarket model. The company has therefore been able to build shed-style superstores with stock rooms which are very small in relation to the selling space. Like a supermarket, the majority of the stock held by a store is on display and is automatically reordered as it is sold. However, the supermarket is not the sole model on which FGRs are developing out-of-town superstores. In the case of Furniture Village the company has looked to traditional department stores, both in terms of layout and, more importantly, in terms of customer service ethos. Matalan, like Furniture Village, has also sought to develop a competitive advantage by introducing elements of the high street, and in particular department stores, to the out-of-town retail park. In the case of Matalan, department stores have been an influence both in terms of store layout, and also in relation to the development of own brands.

FGRs have also adapted a range of in-store features from other retail sectors to better meet their own needs. Thus, Hammicks has installed listening posts in its stores, following the introduction of similar features in record shops. Likewise, having seen the success of the large-format pet retailers and their approach to that market, Focus DIY adopted a similar-style concession-format for their own stores.

However, while being influenced by a wide range of retail and consumer sub-cultures, FGRs are also having an impact on those same elements. At one scale, FGRs are themselves a source of ideas for other retailers (including both established and growing firms). At another, surf chic, the baggy skateboarder look, coffee house culture and so on have all been legitimised for mass consumption and more firmly embedded within consumer culture through their adoption by main stream retailers. Sub-cultures therefore are exploited as economically viable niche markets, while providing a range of aesthetics and identities for consumers to buy into (cf. Crang and Jackson, 1998).

The second set of influences relates to the business trading environment in which FGRs are operating. In some cases, these include elements which are considered by both the existing management studies and geography explorations of the relationship between corporate culture and strategy. However, it is worth splitting these apart to emphasise the fact that strategy is not just involved in a reciprocal relationship with corporate culture as a homogeneous entity, but is involved in multiple relationships through which the broad strategic trajectory of the firm takes shape, and its impact on the nature of the retail environment becomes clear.

There are three key influences on FGRs' strategies in terms of the business trading environment: competition; supply side businesses; and legislation. In each of these cases, the retailer may be presented with a source of conflict, which FGRs have used as sources of opportunities. The location of competitors and other retailers has, for example, been used by FGRs to differentiate themselves on the ground. Companies use the selection of neighbours, both unilaterally and in conjunction with the competitors themselves, as a way of subdividing the marketplace along lines such as demographic/socio-economic status, type of shopping trip (e.g. browsing versus impulse buys), and product type (see Chapter 6).

Like the grocers before them (cf. Wrigley 1992; 1995), FGRs have also sought to modify the relationship between the retailing of goods and the supply side of the equation. Thus opportunities presented by technology, for example, are used to improve a firms' ability to be competitive; EPoS systems in particular have been adopted for a variety of purposes, including improving distribution channels, reducing wastage (in the case of Carpetright), and modifying stock selection. These improvements, coupled with other supply-side modifications, such as Thorntons' attempts to shift the burden of quality control and smooth operation of the production process on to suppliers, are important in terms of enabling FGRs to grow; without efficient distribution networks or a supply of the correct products on demand, the retailer would be unable to service an expanding customer and/or store base.

The strategies and tactics adopted by FGRs have also been shaped both by the relationship between the companies and their suppliers and the regulatory circumstances under which the firms trade. For example, Carpetright has been able to exploit suppliers' production over-capacity, which has resulted from manufacturing changes, to develop a format based around cheap carpets sold off the role. Hammicks has developed a licensing agreement with independent book retailers which has allowed the firm to obtain bulk stock discounts as well as providing the opportunity to trial systems for building a network of franchised units. Similarly, the restructuring of Thorntons has included attempts to formalise relationships with suppliers through the setting of tighter and stricter targets. In this way the company intends to both drive down costs and also become increasingly consumer, rather than production, driven. In such cases the relationship between the retailer and other companies on the supply side has been an integral part of the success and growth of the retailers; FGRs can be seen to be reacting to supply-side businesses, while also altering the trading environment for those firms.

One of the most significant sources of conflict and opportunity within the retail environment has been legislation. Here again, the relationship with retail strategy is reciprocal. In the case of out-of-town planning controls, legislation has been introduced as a result of the actions of retailers (and often FGRs), while the companies have been forced to develop new strategies to find ways around legislatory obstacles to their continued growth. Legislation has perhaps had the most visible impact on the physical nature of the retail landscape; not only has it exercised some control over the amount and nature of out-of-town space, but, as a result of retailer's responding to such obstacles, it has led to a reconsideration of city centre retail space and the development of new forms of out-of-town space.

For example, legislation has encouraged the emergence of a hierarchy of retail park types which has also had a direct impact on rental levels (Guy, 1994). The response of FGRs to changing rent structures has resulted in both changing sizes of shed units and the reconfiguration of the internal space of retail sheds through the inclusion of mezzanine floors. However, this process has also acted as a catalyst for change elsewhere; JJB's city-centre sports superstores, for example, are a reaction to the rising rents and declining amounts of space availability faced by its out-of-town stores.

In other cases, such as the removal of rules prohibiting advertising in the optical market, legislatory change has provided the opportunity and impetus for the emergence of retail opticians and, in its wake, the increased emphasis placed by that market on fashion elements (rather than medical elements). However, it should be noted that while this change in the law provided an opportunity for the likes of Dollond & Aitchison, it was an opportunity that could not afford to be missed in the light of the treat of overseas retail entrepreneurs entering the market. In this case, therefore, not only has legislation influenced retail strategy, but has done so in conjunction with evidence of tried-and-tested methods in another geographical market posing a threat in the form of new foreign entrants such as Vision Express.

Although the sample population of firms considered in this study is not homogenous, each firm has achieved fast-growth success via the negotiation of a variety of relationships with other actors on the retail scene. Competitors, other retailers, suppliers, consumers and consumer cultures have, together with internal aspects of the firm, its background as a business seeking growth and that of the key entrepreneur served to reveal sources of conflict as well as opportunities. The successful negotiation of these influences has, in part, enabled the firms to succeed and has, in turn, instigated change in the broad retail environment.

FGRs demonstrate both that they are agents of change within the retail environment and also that their growth is implicated in this process. However, while the desire for, and related strategies to realise, growth characterise the nature of the sample firms, FGRs demonstrate that specific strategies are a reflection of a broader set of influences. The sample companies show that their strategic choices and related impacts on the retail landscape are the result of a network of influences in which firms are embedded (cf. Dicken and Thrift, 1992). Unlike the traditional management studies view of strategy and its relationship with corporate culture, FGRs reveal a dynamic model more akin to that proposed by Schoenberger (1997): strategy and culture are not seen as being static, but are formed by multiple relationships which are often reciprocal in nature; strategy shapes, and is shaped by, the firms' relationships with key actors on the retail scene. While in part reflecting Schoenberger's model, FGRs' unique position between the spheres of production and consumption, builds on Schoenberger's work by highlighting the fact that firms influence, and are influenced by, not only aspects of company culture, but also the broader trading environment, including, in this case, consumption culture.

While, as Chapter 2 notes, retail geography is now adopting a stance based on both economic and also cultural approaches to the subject, it has, to date, failed to fully appreciate the role of the firm. This study redresses the balance, highlighting the fact that it is not just large corporate retail capital which is modifying the retail environment and also revealing the network of influences through which it is forged. A foundation is therefore provided by this study on which the interwoven nature of the 'economic' and 'cultural' aspects of the retail industry can be understood to be shaping the business environment and the consumption landscape.

8.3 Research Issues

8.3.1 Alternative Methodologies

The nature of the research process involved in the completion of this study (outlined in Chapter 3) is a product both of the approaches of those who have already completed work in related fields and also the practicalities imposed by the specific nature of this project and the tools available. In conducting the research, therefore, some limitations of the methodology selected have emerged and new ideas, which were not envisaged at the research formulation stage, have made themselves apparent. In this section, the limitations of the study are considered before, in the following section, potential lines of enquiry which are opened up by this project are identified.

It is important to note that the strengths and weaknesses of this project are often two sides of the same coin. Thus, part of the strength of the study lies in the way in which the entrepreneurial background and origins of a business are seen within the context of strategic decision making and, in turn, the changing retail environment. However, this is a necessarily broad ranging story which consequently raises a variety of further questions about change in the retail environment and the roles of different types of business.

The aim of this study, as outlined in chapters 1-3, is to consider change in the retail landscape by examining the nature of FGRs as potential agents of change. While the companies identified are, in many cases, playing an important part in the process of retail change, the secondary question concerning the relevance of growth is less clear cut. Certainly, the desire for growth, together with the selection and implementation of growth strategies, is central to change within those firms and their impacts on the broader environment (see previous section). While this makes growth an important focus of research, it does not mean that non-fast-growth firms can not also be influential. In the same way that authors such as Wrigley have demonstrated that supermarkets are critical agents of change, this study is able to show that FGRs are also of relevance and that growth is central to their nature and strategic decision making. However, it is not able to say that other groups of retailers are less relevant.

This study also highlights the diversity which occurs under the 'growth' banner. In carrying out the process of defining 'fast growth' and selecting a sample population of firms, it became clear that there are a wide range of growth measures, while what is considered 'fast growth' also varies across industrial sectors; the diversity of the retail sector compounds this problem by itself encompassing a broad range of sub-sectors and thus growth scenarios. Consequently, even within the groups of firms identified as being fast growing on the basis of turnover criteria, it is not possible to claim that the group is homogenous; what is considered fast growth in one retail sub-sector, may not be considered so in another.

The identification of companies across a broad range of retail sub-sectors and under a variety of definitions of growth paid dividends in respect to identifying the broad range of elements which make up the networks of influences through which retail strategy, and the retail environment, are forged. However, it means that, because the sample firms do not form a homogenous group, conclusions drawn from the study must therefore be understood in the light of the sample diversity. Definitional issues, outlined above, also mean that it is unclear whether the diversity in the study is a clear reflection of the diversity on the ground; generalisations from the data must therefore be made with caution.

At one scale, this project has shown that it is the desire for growth, rather than the specific rate or nature of growth, and the adoption of strategies to achieve this which is a key part of the firm's ability to generate change in the retail landscape. However, it also means that there is scope for taking the basis of this study further. Work is required both on definitions of growth and also to examine what growth means in different contexts, specifically in relation to different retail sub-sectors. Potential lines of enquiry are identified in section 8.3.2.

The methodology which was in fact adopted is, in some ways, a compromise between quantitative- and qualitative-based approaches. In retrospect, the sample is too large to enable the researcher to dig as deep as might be possible into a particular firm, while the size of the population suggests that generalisations might be possible. Thus, the diversity revealed in the sample population indicates that a number of alternatives methodologies might have produced useful results. For example, a quantitative study looking at a larger sample of firms, stratified by sub-sector or type of growth, could have been adopted. While such an approach would loose all the benefits of qualitative work in this field (see Chapter 3), it would be useful in identifying and resolving some of the definitional issues surrounding both 'fast growth' and retail diversity.

Alternatively, a much smaller number of firms could have been investigated, with multiple interviews being carried out at each. By interviewing people with particular responsibility for different areas of strategic decision making, a different picture may have emerged providing greater detail on how the individual firm operates. Such an approach may have placed greater emphasis on directors, rather than founding entrepreneurs and could therefore have meant that the crucial role of entrepreneurial background would not have been fully explored. However, as noted in Chapter 3, the difficulties encountered in arranging a single interview mean it is unclear whether it would have been possible to arrange multiple meetings.

8.3.2 Future Research

As was suggested in the previous section, there are both strengths and limitations imposed by the broad ranging nature of this study. Four key themes are present within the study (growth; entrepreneurship; retail innovation and change; and strategy), all of which could be the focus of more targeted studies. While this might remove the ability to see the connections between the themes, the revealing of which has been a central aim of this study, certain aspects do require more work. This study has built upon a number of existing literatures and has served to broaden the scope of those studies by attempting to show how the issues raised fit in to the bigger picture. In doing so, new lines of enquiry within each of the key themes are therefore revealed.

This study has used 'growth' as the lens for looking at retail change, rather than actually fully deconstructing the mechanics of 'retail growth'. Thus, as was highlighted in the previous section, there is potential for considerable further work to be done specifically on the nature of retail growth. Alongside work on growth measures and definitional considerations, there is also scope for further research into the economics of retail growth. The initial approach taken by this study has, following the example set by other studies of fast growth firms, drawn particularly on turnover-based criteria. However, focusing on turnover raises another, unanswered, question: are FGRs actually making any money and can they, therefore, survive in the longer term? While retailing principally requires initial investment to build and fill shops, opening new units quickly leads to turnover growth; as this study notes, large store opening programmes are often funded by private equity houses and other parent organisations, rather than off the firms' own balance sheets. Providing the format is relatively attractive, large store opening programmes therefore create rapid turnover growth. This does not mean either that the firm is making any money, or that turnover growth is sustainable in anything other than the short term. Thus, potential exists for studies which either take a longer-term view (this would again require rethinking definitions of fast growth) or consider whether profit growth would be a better measure through which to examine retail change.

This highlights a further difference, and limitation of this study, concerning growth strategies. Whereas acquisition-based approaches will generate short-term turnover growth, which may have skewed the four-year average growth measure used in this study, turnover increases based on a strategy of maintaining a limited store network may relate to a very different set of circumstances.

Acquisition could also be a focus of study in its own right. The use of acquisition-based expansion strategies, as has been shown by this study, says much about the market circumstances faced by a company looking to survive (e.g. the need to avoid being a victim in rounds of consolidation) . However, this study has been unable to investigate aspects of the nature of acquisition, such as the point at which it becomes possible, desirable or even a necessity. In the case of retailers, it has also been shown that acquisition strategies may result in either one firm being rebranded as the other, or as both firms continuing to trade as separate entities under their own names. There is, therefore, scope for further study of the latter approach, which reflects a portfolio style model. For example, the link between Uno and World of Leather highlights the potential under such a model for cost-cutting through the linking both of knowledge bases and back office functions; a similar scenario is presented by Foothold, which is owned by the same group as fashion retailer Capolita Roma. However, it has been beyond the remit of his study to investigate the degree to which firms are able to share resources across diverse and sometimes unrelated retailers.

In section 8.2, it was noted that one of the key forces through which successful strategy is developed is conflict. Barriers to growth are a latent presence within this project, but could be made a specific focus of future research. In particular, the ways in which the issues such as brands, covenants, creating a retail 'experience', and cartels act to halt the progress of some firms' growth desires could be considered. Indeed, it would be particularly useful to link such a study with a consideration of FGRs which fail. The relative success and failure of the likes of Tie Rack, Body Shop, Sock Shop and Knickerbox demonstrates that firms may be part of an important change in retail and consumption culture, but may not be able to sustain their success. As Schoenberger's (1997) study of companies such as Lockheed and Xerox helps demonstrate, an explanation of why firms fail, helps understand why others continue to do succeed. This point is emphasied by the example of Uno, which has recently appointed receivers. In this case, fast growth has been unsustainable. However, further research would be required to see what relationship, if any, exists between the firm's failure and the elements guiding its growth (Financial Times, 2000; Independent, 2000).

Similarly, although FGRs have been shown to generate many of their strategies from watching other retailers, with some interviewees talking about the reverse engineering of competitors' company reports, there is scope for greater research in this area. For example, use of competitors' accounts suggests that firms are interested in their business models as well as borrowing successful elements of other retailers' format designs. This again links back to suggestions made earlier in this section about researching the economics of growth further; in using growth as a lens rather than a sole focus of research, it has not been within the remit of this study to consider growth in the context of the relationship between outlet expansion and levels of profitability. If the data were easily available, which, because of the private company status of many of the relevant firms, is not necessarily the case, this would help shed light on how firms are able to become long-standing elements in the retail landscape.

8.4 **Conclusions** The Impact of Fast Growth Retailers

The effects of FGRs can be seen across the retail landscape. FGRs are an integral part of the process of names appearing and disappearing from the high street and out-of-town retail park as well as being amongst those companies which are pioneering new sites of retailing. Similarly, FGRs have demonstrated that they are creating store designs which move beyond the mere presentation of products to sell; emphasis is placed on 'experience' and 'image' rather than just price.

Although many of the retailers included in this study are rooted in contemporary consumer culture, they also have the potential to make a longer-lasting mark on the retail landscape. While some companies achieve long-term success in their own right, others serve to provide inspiration for other companies both through the generation of ideas and as a result of being acquisition targets. Firms such as Pret a Manger have already generated a plethora of imitation companies; for example, regional sandwich chain Café del Marco shares Pret a Manger's 'foreign' name and its stores' industrial aesthetic. Likewise Victoria Wine's launch of a warehouse-format store follows in the wake of Majestic Wine's success (Thornbury Gazette, 1997). Elsewhere, companies such as Racing Green, Pet City, and Aroma have been purchased by firms looking to introduce new and innovative elements into their businesses or wanting to expand into foreign markets.

The significant portion of serial entrepreneurs present in the sample highlights that it is individuals as well as firms which are able to make a long-lasting impact on the retail landscape. Indeed, the key entrepreneurs within an FGR are central to the success of the business in a variety of ways; the skills they bring to the business are an important part of the firm's ability to succeed, while elements of the background often help shape the broad nature of the firm and the market it chooses to operate in. Serial entrepreneurs, in particular, are able to have a longer-term influence on the retail environment through the multiple firms they help establish.

In Chapter 3, it was suggested that previous studies of fast-growth firms had used growth as a surrogate for innovation. In the case of FGRs, the firms might more accurately be described as being emulative, rather than innovative. Instead of developing truly original ideas, FGRs reveal a talent for adopting and adapting ideas from retailers in other geographical markets or sub-sectors. While this fits under a broader definition of innovation (see Chapter 3) as the firms are often introducing something new to a particular market, FGRs rarely come up with ideas which have not been used elsewhere or under different market circumstances (cf. Oppenheim, 1998). Therefore, FGRs do not necessarily represent the cutting edge of retail development, where truly original, unique and often one-off retail formats are developed (see for example Crang, 1994). However, they do often represent the point at which cutting-edge ideas and innovations are introduced, albeit in watered-down versions, to the mainstream of everyday retailing and shopping.

Market factors form an important influence on the firm's choice of strategies. However, while FGRs highlight the role of the consumption side of the business in shaping strategy, in terms of the actions of competitors, the desires of consumers and the development of trends and sub-cultures, other factors are also relevant. The strategic trajectory of FGRs is a response to the firms negotiating relationships with a variety of key players on the retail scene. In addition to the demand-side influences (noted above), this network of influences includes the entrepreneurial background and the desire for growth, suppliers, technology, and the regulatory environment. The influences create a variety of conflicts and opportunities, the successful negotiation of which is central to the strategic decision-making process on the one hand, and the impact these firms have on the retail landscape on the other. This reflects the perspective promoted by Dicken and Thrift (1992) (see Chapter 2), which highlights the need to envisage firms as being embedded within their markets. Evidence from the FGRs in this study also emphasises the fact that while these influences serve to shape a company's strategy, they are also important in terms of the development of the physical retail landscape and also the broad trading environment for all retailers. The network of influences contains a range of reciprocal relationships through which individual FGRs and the broad retail environment change (cf. Schoenberger, 1997).

Developing an understanding of the changing nature of the retail environment based around the network of influences in which firms are embedded, as described above, highlights the need to further develop a retail geography which draws on existing economic- and consumption-driven perspectives. Indeed, FGRs demonstrate that the economic-cultural divide implied by the abstract nature of much of the existing literature is a crude dichotomy. FGRs confirm du Gay's (1996) claim that it getting right economically often involves getting it right culturally. For example, the use of staff performances, shops which act as sets, and the integration of leisure into the shopping experience, all of which are considered within the consumption geography literature, have been key elements in the development of FGRs market positioning and the drive for economic success.

In conclusion, FGRs are relevant agents of change within the retail landscape. The fact that they have achieved fast growth success means the sample companies are, by their very nature, becoming relevant elements within the retail landscape. However, this study shows that the drive for growth is implicated in defining the nature of the firms and their strategic decision making; in turn, this shapes the impact the firms have on the physical retail landscape and the retail business environment. While growth does play an important role, therefore, it is not pursued for its own sake by retailers. Strategies are developed with the aim of achieving specific strategic aims or in response to specific aspects of the environment in which the firms are trading. FGRs are thus deeply embedded within a network of influences through which strategy is shaped and the firms modify the retail environment.

APPENDICES

Appendix One	Participating Companies
Appendix Two	Research Schedule
Appendix Three	Contact Letters

APPENDIX ONE Participating Companies

Aroma

Aroma is a branded coffee and sandwich retailer, which numbers the likes of Coffee Republic, Seattle Coffee Company and Pret a Manger amongst its rivals. The company was established in 1991 by Michael Zurspiro, a Swiss entrepreneur, who raised private equity to develop the business. Apax and Partners & Co. committed several rounds of funding to the company and was also instrumental in developing the management team: the current managing director, Finlay Scott, was introduced to Aroma by the firm. Apax recently realised its investment in the company via a trade sale to fast-food chain McDonalds. The company, which continues to produce its own sandwiches at its East Dulwich base, initially sought to grow via diversifying into the contract catering business. However, following Apax's appointment of Scott, the company refocused its activities on the coffee house market to realise its growth potential.

Birthdays

Birthdays is a greetings cards and gifts retailer which is based in Bury. The company was founded in the early 1970s by Ron Wood and was initially built primarily as a wholesale operation. In October 1996 the company was the subject of a management buy-in, backed by Phildrew Ventures and Schroder Ventures, led by John Lovering; the previous year Birthdays had generated a turnover of over £100m for the first time. In 1996 the company reported a four-year rate of turnover growth equal to 211%. Over the same period profit growth was 408%, while the employment growth level was 219%. At the time the research interview was carried out, Birthdays operated 350 shops, in addition to 150 franchised units which were trading under the Birthdays name. Most recently the company has started taking space in other retailers' stores, including Thorntons and Whittards, and has raised a further £80m of private equity to support its continued expansion (Unquote, 1999).

Carpetright

Carpetright was founded by Lord Harris of Peckham and Ted Wright following the sale Harris Queensway, Harris's previous business, in 1988. Harris originally funded the business himself alongside MFI, which also provided a range of business services (including the finance director's role until 1990); indeed Carpetright's first store was opened in MFI's Canning Town store in November 1988. The company, which is based in Dagenham, sells carpets, both from samples and off the roll, through three retail formats: Carpetright (known as Carpetwise in Scotland), Carpet Depot and Premier Carpets. At the time of the database search, the company had achieved turnover growth of 253% over the previous four years; the company had also experienced profit growth of 816% and employment growth of 195% over the same period.

Dawn Til Dusk

A convenience store retailer trading predominantly in the North West, Dawn Til Dusk was founded in 1989 by Stephen Hartley. The first store was opened in Leigh, near Wigan. The company, which is based in Skelmersdale, also trades under the First Freeze name, a company purchased under Dawn Til Dusk's strategy of growth through acquisition, outside its North west base. Dawn Til Dusk's format differs from those of rivals, such as Alldays, predominately through the emphasis placed on alcohol; the company also operates a alcohol-only format, which trades under the Liquor Zone name. The importance of wines and beers reflects knowledge of the market acquired by Hartley in his previous career as an importer of alcohol. The company achieved sales growth of 293% and profit growth of 816% over the four years to 1996/7.

Dollond & Aitchison

Dollond & Aitchison can trace its origins back to 1750, when Peter Nelson founded a company which produced optical equipment, including telescopes (it is understood that 'dollond' was a colloquial word for 'telescope'; Aitchison was a Scottish businessman who later joined the company). The company provides ophthalmic services and retails glasses, contact lenses and associated products. In the 1970s Dollond & Aitchison was acquired by tobacco giant Gallaghers, which retained ownership of the company until the early 1990s. The company's growth was stifled until a debt-backed management buyout in 1994, which enabled the company's management to take full control and rejuvenate the business. At the time of the database search, the company had generated turnover growth of 268% and employment growth of 773% over the previous four years.

Focus DIY

Focus DIY is a retailer of homewares and DIY products which was founded in 1984. However, the business began to take on its current form after it joined another small DIY group, Choice, in 1987 at the instigation of the Choice team, led by Greg Stanley and Bill Archer; Stanley had previously founded the FADS chain in the 1970s. Focus, like around 25% of the sample companies, expanded using capital raised from private equity providers. In the case of Focus, these included Cinven and the venture capital arm of NatWest. The company's product mix is focused primarily on the domestic (rather than trade) market, and includes pets and pet products in some stores. Four-year growth figures for the company show turnover growth equal to 203%, profit growth of 189% and employment growth of 229% to 1996/7. Focus DIY operated 70 stores at the time the research interview was carried out. The company recently acquired the Do-It-All chain from Boots the Chemist and now trades under the Focus Do-It-All name.

Foothold

Based in Newcastle Upon Tyne, Foothold is a retailer of sports shoes and sportswear. The company was founded in 1981 by Geoff Walton under the name of Jumpstart Sports. Many of the original stores traded as concessions in Burton Group's TopMan stores. However, by 1989 the business had established a standalone format and operated through five stores. Having changed the name to Foothold in 1983, the business was subsequently sold to Owen & Robinson, a retail business which primarily operated jewellery stores. Following financial difficulties within Owen & Robinson's principal concern, the Foothold business has become the holding company's core operation. The current managing director, Clive Klinger, took over from Walton in 1993 to instigate a new phase of growth following the difficulties with its parent company. Around 1996, the company expanded dramatically via the acquisition of Capolita Roma, a fashion-wear retailer. Recent expansion has included further acquisitions in the form of 38 stores, previously trading as ProPerformance, bought from Sears. At the time of the database search, the company had generated a four-year turnover growth figure of 296% and had also experienced employment growth of 485% over the same period. In 1997 the company trades through 52 stores across the UK.

Friday-Ad

Based near Lewes in Sussex, Friday-Ad operates a chain of regional stationery stores and publishes a free-ads paper. The business was established by the current chairman, Chris Kidger, in 1974. However, the publishing and printing company, on which the modern business is based, can trace its origins back to 1840. The company, which opened its first store in Uckfied, is primarily focused on southern England and has tried to develop a trading style with a strong community element: the free-ads paper acts as a notice-board for people wanting to buy and sell products, and the stores act as both a focal point for the paper as well as providing a range of products for targeted at local businesses, students and community groups. In 1996/7 the company achieved a four-year turnover growth equivalent to 463%.

Furniture Village

Furniture Village was established in 1989, although founder Peter Harrison had been actively planning and preparing the business for about a year before the official founding date. During this time Harrison worked for Allders, which he had joined with the intention of encouraging David Imry to join and co-found the venture; Imry did indeed later perform this role. The business is now owned by the two co-founders and Gerald Rose, the non-executive chairman, who together hold 25% of the firm's equity; the balance of the firm's equity is held by Cadogen Estates. In the first year of trading Harrison indicates that the company achieved sales of £2m; however, by 1997, the company's turnover had risen to £65m. Furniture Village's four-year turnover growth figure was 417% at the time of the database search. The company operates two retail formats: the core store brand is Furniture Village, a large format soft furnishings retailer which takes sites in out-of-town retail parks; the secondary format, the London Bedding Company, focuses on beds and textiles and trades in smaller format stand alone stores in the city centre and in a concession-style format within Furniture Village stores.

Games Workshop

Games Workshop sells a range of large scale 'board' games as well as the gaming pieces required. Many of the pieces can be made or painted by the purchaser, and the company also sells all the necessary craft equipment and accessories to perform this activity. Based in Nottingham, Games Workshop was founded by two ex-students, Steve Jackson and Ian Livingstone, in 1978. The pair, who have also been responsible for a series of fantasy books where the reader chooses the plot line, initially founded the company as an importer and mail order retailer of 'dungeons and dragons' games. They later established Citadel Miniatures as the production arm of the company. Control of the whole business subsequently passed into the hands of Citadel Miniatures' general manager when the founders decided to move onto other projects. At this stage the business relocated from London to Nottingham and was controlled by Brian Ansell and Keith Penfold. In 1991 the owners sold the business to a management buyout team; it is now headed up by Tom Kirby. Turnover growth of 272%, profit growth of 304% and employment growth of 181% were achieved by the company over the four years to 1996/7.

H&C Furnishings

H&C Furnishings is the result of the merger and acquisition of several furniture retail businesses, including Harveys, Cantors and, more recently, the Kingsbury chain. The company trades through large format out-of-town style retail sheds as well as city-centre style stores, primarily operating under the Harveys and Kingsbury names. The business was originally established around thirty years ago by Harvey Gilbert, who owned approximately 30 stores by 1980. At that time a 75% equity stake in the company was taken by Harris Queensway, under the guidance of which H&C's store portfolio was increased to around 80 stores. When Harris Queensway was absorbed by Lowndes, Phil Harris (Lord Harris of Peckham) led a management buyout of H&C; at the time of the MBO, founder Harvey Gilbert was still involved in the business. The company now trades through around 377 stores across the UK and generated turnover growth of 150% over the four years to 1996/7. Lord Harris also still maintains strong links with the company as a board member, and the company's headquarters adjoin those of Harris's core current business, Carpetright.

Hammicks

The Phildrew Ventures backed Hammicks chain is a bookseller which locates primarily in market towns. The company was founded in 1968 by Charles Hammick and, alongside the general bookshop format, also has a specialist legal bookshop arm. The current managing director was introduced to the company by Phildrew Ventures in March 1994 following a period when the company had not met the expectations of the owners; under Trevor Ghoul-Wheeker, the current MD, the company saw turnover rapidly increase from £25m to over £30m. In 1996/7, the company employed 280 full-time staff and traded through 28 retail outlets, including both company-owned and franchise-run stores, across the UK.

JJB Sports

Founded in 1971 by Dave Whelan, who was previously a professional footballer with Blackburn Rovers, JJB Sports operates both small format city-centre sports shops and large format out-of-town retail superstores. The first stores were purchased by Whelan from a company which traded as JJ Bradburn; Whelan then rolled the concept out as concessions in his existing grocery stores. When the grocery chain was sold to Morrisons, Whelan retained control of the JJB idea and developed the company as concessions in sports clubs, before establishing JJB as a standalone format in the 1980s. The company has adopted a format specialises in players of sports, as opposed to the sports/fashion stance of rivals such as JD Sports. The company is based in Whelan's home town of Wigan, where JJB also sponsors a number of local sports clubs. By the end of the 1970s, JJB traded through ten stores and generated a turnover of £10m. In 1995 the company was floated on the London Stock exchange, leaving Whelan and his wife with a 64% equity stake in the business. In 1996/7 JJB Sports generated a four-year turnover growth figure of 208% and experienced profit growth of 491%.

Majestic Wine Warehouses

Majestic Wine Warehouses is a specialist retailer of wines and beers. Although the company sells direct to the public, it only sells in bulk (12 bottles or more). The company was founded around 1981 by Giles Clarke, later of Pet City, and Esme Johnson and opened its first store in Wood Green. The second store, in Battersea, saw the format take off as it met the champagne needs of the 1980s yuppie generation. By 1987, the company had grown to 25 stores and the founders moved to the US to participate in the ill-fated buyout of Liquor Barn from Safeway. When the company was sold by its founders it was acquired by Wharfside Wines. However, Wharfside was unable to achieve success with the format and subsequently sold the business to Wizard Wines. Wizard was a buyout from the Iceland Freezer Centre Group led by

Iceland founder Tim How. In 1994, the company recorded four-year turnover growth of 557% and in 1997 the company won the Retail Week Rising Star award at the paper's annual awards. In 1996/7 Majestic Wine traded through 61 stores, 35 of which were located outside the M25. Majestic Wine operates stores on the edge of towns in large warehouse/showroom premises, rather than purpose-built retail sheds. The internal store space retains a warehouse appearance by being filled with stacks of wine cases.

Matalan

Discount retailer Matalan is based in Skelmersdale. The company, which was founded by John Hargreaves, operates through large format out-of-town stores and has been one of the company's pioneering the introduction of clothing retail into those environments. Its stores are shed-style units, which are laid out inside along the lines of department stores such as C&A or Littlewoods; however, Matalan's positioning relies upon the selling of branded goods made by the likes of Lee Cooper, Calvin Klein and Donna Karan. The Matalan format owes a considerable amount to the US cost-cutting club stores and the likes of Wal-Mart. The concept is based on the club principal. To be able to shop at Matalan you must first acquire a membership card for a nominal fee (about £1). The company, which, in 1997, operated around 74 stores, only traded through one unit ten years before. Between 1995 and 1997, Matalan opened 28 stores and planed another ten in 1998; in 1997 the company had a customer club membership base of 4.5m people. A recent Financial Times article noted that Matalan continues to beat expectations; its shares have outperformed those of its peers by 400% over the past 12 months, with sales in November around 44% up on the same period last year (Voyle, 1999).

Ottakars

Named after a character which appears in one of Hergé's Tintin books, Ottakars is a bookshop locating primarily in market towns. The company trades in small format town centre shops, which often include features such as chairs and sofas as well as review comments next to the books. The company, which is based in London and Salisbury, was founded by ex-military man James Henage in 1987 with venture capital backing (investors include F&C Ventures, Legal & General and Norwich Union). At the time of the database search the company had reported achieving sales growth equivalent to 256% over the previous four years, and had also seen profits increase by 314% over the same period.

Past Times

Past Times specialises in the retail, through both stores and a mail order operation, of 'historical' gifts. Founded in 1986 by John Beale, Past Times is the trading name for a company called Historical Collections. Based in Witney (Oxfordshire), Past Times opened its first store at founding in Oxford. However, no further stores were opened until 1989 while the company focused on developing its mail order operation. The products sold by the company include replicas of ornaments and objects from a range of specific historical time periods and ancient cultures, including the Roman World, the Celtic World and 1940s Britain. The founder, John Beale, had previously founded and established the Early Learning Centre, in the 1970s. While the company remains focused primarily on the UK, it now also has mail order operations in the US, France, Germany and Japan in addition to a number of stores in the Republic of Ireland. In 1996/7 four-year turnover growth figures of 617% were reported by the company, which also generated profit growth of 522% and employment growth of 547% over the same period. By 1997, the company traded through 60 stores across the UK and Ireland.

Pets At Home

Pets and pet accessories retailer Pets At Home is a Cheadle Hume based company which trades through large format out-of-town retail sheds. The company was founded in 1991 by Anthony Preston as part of the Preston family R&B Pet Supplies business and has since received private equity backing from 3i, which in 1997 held a 22% equity stake in the business. The company was demerged from R&B and has achieved success as a standalone format. Pets At Home stores are large format, out-of-town, retail sheds. Inside they are laid along the lines of stores such as the grocery supermarkets or the likes of Toys R Us. The first store was located in Chester, which was considered to be far enough away from the Manchester-based parent company, which is a wholesale of pet suppliers to small independent pet shops. The company is one of two principal chains which have been seeking to grow national chains of shed-style pet retail businesses; the rival company is Petsmart, which was established as Pet City by Majestic Wine founder Giles Clarke. Pets At Home has grown from one store in 1991 to a total of 40 shops across the UK in 1997.

Poundland

Poundland is a discount housewares retailer specialising in the retail of well-known household brands, such as Eveready, Mars and Kelloggs, at discounted prices. The company operates two types of city centre small-format stores trading under the Poundland and Eureka names. Keith Smith led the three-strong founding team, which also included his son Steven Smith and finance director Dave Dodd, in establishing the Wolverhampton-based business in 1990; the first store was opened in Basingstoke the same year. At the time of the database search the company generated a four year turnover growth figure of 2,788%, as well as profit growth of 1,265% and employment growth of 840%.

Pret a Manger

Founded by two ex-chartered surveyors, Sinclair Beecham and Julian Metcalfe, Pret a Manger is a coffee and sandwich retailer which has been at the forefront of the boom in branded retailers in this market (see also Aroma and Seattle Coffee Company). The pair had previously also owned an off-licence in Fulham known as *Hair of the Dog*. Pret a Manger was founded in 1986 and in 1996/7 the company reported generating turnover growth of 522% over the previous four years; over the same period profit growth was some 932%, while employment growth was 627%. The company's stores, which remain predominately in London, have developed a modern industrial aesthetic, characterised by functional steel interiors. However, as the company has developed, it has gradually started to move away from London. Its store portfolio now includes locations such as Oxford, Bicester and Cambridge.

Richer Sounds

Founded by Julian Richer in 1978, Richer Sounds is a specialist retailer of hi-fi equipment. The company has developed an image and reputation for selling quality hi-fi equipment at competitive prices. While Richer Sounds' stores are often cluttered they focus specifically on selling hi-fi separates and so appeal to enthusiasts, rather than those who want ghetto-blasters and walkmans. The first store was opened in

November 1978 at London Bridge and has been followed by a further 30 stores across the UK. The company is owned 100% by Julian Richer and his wife.

Schuh

Schuh is a retailer of fashion-branded shoes, including Kickers, Ellesse, Airwalk and Vans, which is headquartered in Livingston, near Edinburgh. The company was originally founded in 1981 before being acquired by a public company, which subsequently went into receivership in 1990; the present business is the result of a management buyout of the firm from the receivers led by the current management team. The original founder, Sandy Alexander, joined forces with Terry Racionzer to acquire the company from receivership and grew the business as an independent company. Schuh currently trades through around 17 stores nation-wide. The company reported four-year turnover growth of 556% in 1996/7, as well as profit growth equal to 837%.

Seattle Coffee Company

Founded by Seattalites Allyson and Scott Svenson, Seattle Coffee Company is a branded coffee house based on the format pioneered in the US by Starbucks. The UK-based company was founded in 1989 and was acquired by Starbucks in 1998 for £50m. At the time the company traded through around 50 stores, primarily in the London and South East regions, over one fifth of which were opened in 1997. The company's stores follow the West Coast coffee house format, which includes tables and chairs as well as sofas and easy chairs. The company sells a range of specialist packaged coffees from around the world to make at home as well as different styles of coffee, such as mocha, latte, cappuccino and filter, to drink at the time of purchase either in the store or to take away. In 1999 the company won Retail Week's Best New Entrant Award following the merger with Starbucks, at the magazine's annual ceremony.

Specsavers

Specsavers is, like rivals Dollond & Aitchison and Vision Express, a retail optician. The company was founded in 1983 by Douglas and Mary Perkins, who had previously sold a local chain of opticians to Dollond & Aitchison. The company had initially traded on a price-based offer, reflected in the Specsavers name, but has since moved upmarket. At the time of the database search, the company reported having generated turnover growth of 202% over the previous four years. Over the same period the company had also generated employment growth of 345%. The company currently trades through 355 stores across the UK and Republic of Ireland; additionally, Specsavers also operates one store in the Netherlands.

Ted Baker

Ted Baker is a fictional character created by Ray Kelvin to embody the spirit of the eponymous company. Headquartered in London, Ted Baker is a retailer of fashion clothing positioned upmarket of high street brands such as Next and Gap and below the high fashion of the catwalk. The original idea for the format was put together in 1987, and the business was founded shortly thereafter; the firm was initially funded by Goldbergs, a Scottish retailer. However, that company went into receivership a year after Ted Baker was founded. Kelvin then bought the company from the receivers with Lindsay Page, the current finance director, in August 1990. By 1998 the company grown with the aid of private equity funding and had established seven stores in addition to supplying around 200 small independent retail firms.

The Pier

The Pier is a homewares retailer which was founded in 1988 by Alison Richards. The company stocks an eclectic mix of crockery, glassware, ornaments and furniture which are linked by an international, often ethnically-influenced, design. The company, which was originally founded as a subsidiary of the French company Pier One Import, was subsequently acquired by the original US company of the same name. The Pier houses its headquarters and distribution facilities together in Didcot. The UK business established its first store in Richmond in November 1988 and currently operates around 20 stores. In 1996/7 it recorded turnover growth equivalent to 868% over the previous four years, and saw employment growth of 589% over the same period.

Thorntons

Chocolate retailer Thorntons was founded by Joseph Thornton in 1911 and continues to be owned, in part, by members of the Thornton family. The company stocks a range of quality chocolates, the majority of which are made by the company itself at its Derby base. During the summer months, Thorntons has also more recently started selling quality ice creams as well. In addition to locating in small-format city centre and mall chocolate shops, the company is also developing a range of alternative formats. These include carts in locations such as railway stations. The company also opened its first cafe in August 1996, with a further seven having been established during 1997; a further six were opened in the first quarter of 1998. The company operates a mixture of company-owned and franchised stores. It currently operates between 130 and 160 franchise units and is in the process of evaluating around 500 sites to open further shops. In the year 1997, Thorntons saw turnover increase by 20% over the previous year to £109.2m. The company also planned, at that time, to embark on a large scale store-opening programme to increase its store portfolio from 359 to 507 by 2000. Between 1996 and 1998, Thorntons also saw its share price rise over 50%.

Topps Tiles

Topps Tiles is a DIY retailer of tile products and some associated goods. The company considers its target market to be ordinary people who are tiling a bathroom, kitchen or conservatory. Based in London, the company was founded in 1983 by the current chairman Stuart Williams together with a team of two other people. The business was floated on the London Stock Exchange in June 1997 having merged with another tile business in 1995. The company trades through shed-style units primarily in secondary out-of-town sites. It experienced sales growth of 860% over the four years to 1996/7 and saw a 2,900% increase in profits and 735% growth in employment levels over the same period.

Uno

Uno is a retailer of soft furnishings which trades on out-of-town retail parks. Founded in 1992 by three-strong team led by chairman Paul Rosenblatt, the company is based in Liverpool. The company's stores are large format retail sheds, which are made distinctive because of their orange and blue colour and logo. At founding Rosenblatt and his father each held a 35% equity stake in the business; the balance of the company's equity is split equally between the sales director and Rosenblatt's brother-in-law. In April 1997, Uno acquired World of Leather, a furniture business which focuses on selling leather products. At the time of the database search, the company reported having achieved turnover growth of 367% and profit growth of 410.4% over the previous four years. In 1997 Uno traded through 42 stores in addition to the 30 World of Leather stores which it had also acquired that year.

Vision Express

Founded by American Dean Butler, who previously established LensCrafters in a similar retail mould, the company was one of the pioneers of the increased retail orientation adopted by opticians in the UK over the last twenty years. The company, which is based in Nottingham, opened its first store in Gateshead's Metro Centre in October 1988. By 1997 Vision Express had opened 131 stores across the UK, primarily in city centre and mall locations. In 1997 the company merged with Grand Optical to form a joint company known as Grand Vision; it continues to trade as Vision Express in the UK. The business is understood to be now one of the largest optical retailers in Europe, trading in 22 countries (prior to the merger, Vision Express had operated stores in 17 of those countries).

Sourcing note:

The data included in this appendix is based on figures generated by the ICC/Dialog database search together with information reported in the companies' annual reports and obtained during the research interviews.

APPENDIX TWO: RESEARCH SCHEDULE

QUESTIONNAIRE DRAFT VIIb
NEIL SACKETT. JULY 1997

1: COMPANY BACKGROUND & FOUNDING CIRCUMSTANCES

i) Founding details

1A •Who were the original members of the team responsible for founding the company?

Bi •In what year was the business founded?
Bii •Was it in this year that the first retail outlet was opened?
Biii •Where was the first shop located?

2A •Have the founders been involved or established links with any other retail businesses?

3A •What experience did each of the founders have in terms of the following...?
- management experience
- start-up experience
- growth management experience
- retail experience
- experience in this sub-sector

C •What initially motivated the founders to start a business, and why was the retail sector, in particular, chosen?

4A •Have there been any significant ownership, management or director changes in the period since start-up?

ii) Business Aims and Aspirations

5A •Why was this particular sub-sector chosen?

Bi •What was the opportunity which the founders identified and sought to exploit?
Bii •Were other types of venture considered by the founders in the pre-start-up period?
Biii •How were the previous experiences of the founders important in guiding these decisions?

6A •Is there important focus, or mission, guiding the company, and if so what is it?

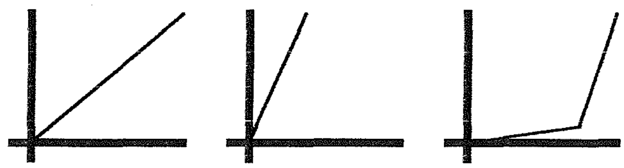
Bi •If yes: How are these values/ideas instilled in the company's operations?
Bii •For example, how does the company's approach affect what is expected of employees on a day-to-day basis?
C Corporate culture; Mission statements; Communication channels...

2: **COMPANY OPERATIONS** INCLUDING GROWTH & COMPETITION

i) Growing the business

7A •Had significant growth been planned from the start?

Bi •If not: What was the catalyst for the business's growth?
Bii •If yes: Why was the decision to grow the business taken?
Biii •What shape is the company's growth curve?



A **B** **C**

8A •Has growth occurred consistently, or has the rate of growth fluctuated and, or included periods of decline?

B •To what do you attribute this pattern of growth?
C Managerial know-how; external factors; unplanned nature of the growth...

9A •Was the franchising route to growth considered?

B •Why was this method adopted / rejected / not considered?

ii) The Business Environment & the Competition

10A •What do you see as the business's target market or target customer?

B •What, in summary, do your customers require?
C What do your customers require and how do you establish their needs?

11A •How does the firm seek to understand the needs of its customers?

Bi •What retailer led and consumer dependent methods of information generation are used in the understanding of consumers?
C EPoS, loyalty cards etc. vs. comment cards
Bii •How is this information then used?

12A •How has growth affected the positioning and image of the company?

13A •Does the company trade under more than one retail format

Bi •How are these formats differentiated?
Bii •What are the benefits of different formats of this nature?

14A •Is advertising important in creating an image conducive to attracting these shoppers, and if so, in what ways?

Bi •What promotional activities other than media advertising does the company exploit?
Bii •How is the shop window important as a promotional tool?
C Body Shop = campaign posters; Lefebvre & spaces of representation
Biii •What percentage of annual turnover is spent on promotional activities?
C Promotional activities, including: media advertising, sponsorship, involvement in local and/or charity events ... (Relate to pt.1 mission statements etc)

15A •Which other retailers do you see your firm as being in direct competition with?

C Retailers in same sub-sector; value added products as a subsector...
C Bowlby et al, 1992: increase demand for value added products
B •How are the locations of competitors, other retailers, or other services and facilities important in locating your shops?
C Proximity to specific companies
B •Are there other companies, either retailers or non-retailers, with whom your company works closely?

3. RETAIL STRATEGY & RETAIL GEOGRAPHY

i) Location

16A •What key considerations have shaped the geographical expansion of the business?

C Location of depots / suppliers / mall developers etc. at site level Jackson & Thrift 1994
B •How is it decided what towns or cities will be located in?
B •Are new locations sought only in cities above a certain size? (If so, what size?)

17A •If co. does not locate in retail parks: What local area characteristics do you look for in identifying possible store sites within a given city?

C Location factors required before a site is selected? Proximity to business parks, leisure facilities etc
Bi •How is store site location, that is to say malls, high streets and retail parks, important in terms of what the company is in the eyes of customers?
Bii •Will recent planning changes concerning out-of-town developments affect future store expansion / city centre retailing and your firm's operations?
C Southampton vs. Winchester / Bristol vs. Bath / specific areas within cities e.g. Park St. Bristol, cultural centres ... (NB. find out which do this)

ii) Store design

18A •Are store layout and design used in specific ways to demonstrate what your business offers and differentiate your stores from those of the competition?

B •How are atmospheric factors (such as touch, smell, colour and sound) used to create this effect?

19A •Are there any stores where specific local considerations alter the operations of those stores, for example in terms of opening hours, stock selection, staffing and so on?

B •What factors are responsible for these differences?
C land lords, developers, specific market research...

iv) Merchandise and Branding

20A •Are the number of brands stocked by the company limited?

B •How are these brands selected, and on what basis?
B •In what ways are branded products important in terms of the image of the store?
C How are brands used in the construction of the store's identity?

21A •Do you sell own branded products?

Bi •if yes: How are these marketed against other brands?
Bii •if no: Have own brands ever been considered, and if so why were they rejected?
C Are own brands positioned preferentially within the store?
Biii •Are own brand products made by or for the company?
Biv •What role does the company image play in marketing the products
C Chains - where do products come from, given whole new context in shop Jackson & Thrift, 1994 / Cook, 1994
C •What criteria does the company's philosophy impose on the selection of merchandise? (How is product selection governed by philosophy?)
C •Quality treats, value for money, variety

22A •Is the firm involved in the wholesale or manufacture of any of its own products?

Bi •If yes, was the retail arm established before or after the production/wholesale division?
Bii •If yes, what percentage of the stock sold is self produced?

23A •Has the company sought to build relationships with specific suppliers/producers?

B •How have these relationships been built and how has this influenced company operations?

vi) Customer Service

24A •What do you believe your company offers which other retailers in this sector do not?

B •How is customer service made part of what is offered to the customer?

25A •Do you provide or sell services to compliment the products in your shops?

Bi •If yes: What does this include?
Bii •How and why is the provision of such services important?
C Image building, perception of quality and reliability / trustworthiness of company; ease purchase decision e.g. (finance, credit) etc.
Biii •Who delivers these services?
C Are they delivered by the retailers, or are they just marketed by the retailer e.g. insurance contracts, finance services

vi) Labour, Employment & Business Services

26A •What characteristics do you look for in your employees?

Bi •How do you attract such people to your business?
Bii •In what age group do the majority of your employees fall?
C Are certain age groups, gender ratios sought / attitudes...
C Youth vs. demographic time bomb (Hogarth & Barth, 1991 / Sparks, 1992)

27A •What are the central elements to the company's shop staff training programme?

B •Does your shop staff training programme help differentiate your shops from those of the competition, and if so, how?

28A •Has the company subcontracted any business services, and if so, which?

B •Which of the following tasks are not performed in-house?
i) Store site location selection
ii) Shop design
iii) Shopfitting
iv) Product design
v) Other retail related activities

4. THE CHANGING MARKETPLACE

29a •Is the company pioneering ways of trading which it believes have influenced other retailers?

B •Do you believe you are forging new ground as a retail business?

30A •What do you believe is / has been the basis for the success of the company?

31A •What do you see as the key changes which are likely to occur in the retail environment over the next five to ten years?

32A •How will the company respond to these changes?

B •What factors mediate the positioning and nature of the business?

33A •Have you explored the retail possibilities offered by the internet?

APPENDIX THREE: CONTACT LETTERS

The following appendix contains copies of the letter templates used in making contact with interviewee companies (see Chapter Three).

1. Initial-Contact Letter

The following letter was used as the initial point of contact with potential interviewees. Recipients of the letter were later telephoned to arrange an interview (see Chapter Three).

Company Name
Address
Road
Town
City
Postcode

**th Month 1997

Dear Sir or Madam,

I am currently undertaking research on the strategies adopted by retail businesses as they have successfully grown, in an attempt to better understand the workings of successful retail businesses and the driving forces behind change in the retail environment.

As part of this research I am particularly interested in talking to retailers about issues relating to store location, image and growth strategies, and would be very interested in discussing with you, or one of your colleagues, these topics. I would anticipate an interview to last approximately one hour, and would ideally like to talk to somebody with knowledge of the founding circumstances of the business.

All the information collected for this study will be treated in confidence. Data will either be aggregated or used anonymously, unless special permission is given by the company in question. Thank you in advance for your help. I will contact you again in the next few days to, hopefully, arrange a meeting.

Yours faithfully,

Neil Sackett

2. Additional Information

Those retailers who, having received the initial contact letter, requested additional information on the nature of the research project were sent the following resume.

Name
Company
Address
Road
Town
County
Postcode

**st Month 1997

Dear Name,

I am most grateful for your offer of help with my research. I have described below the different areas of interest, and hope this will be useful to you.

Company background and founding circumstances. First, I am interested in the company's origins: when it was founded, by whom, where the first store was, why the founders were attracted to the sector, and their current role in the company. I am also interested to know how the management structure has evolved, and whether the company has a focus or mission which helps define and guide the company.

Company operations, including growth and competition. Second, I am interested in the business's growth; the catalysts for growth, market factors influencing the nature of that growth, and whether the company has grown through the use of franchising. The market environment in which the company trades is also of interest in terms of; who the target customers are, which other retailers the company is in competition with, and what means the company uses to promote and advertise itself.

Retail strategy, including location and stores. Third, I am interested in store location issues, including deciding in which cities to locate and the implications of recent planning changes affecting out-of-town sites. I am also interested in aspects of store design which make the company different, and the importance of branded and own-brand products. As customer service is also relevant to this research as a means of differentiating the business, I am also interested in aspects of staff training which help to define the company, and in turn what the company looks for in its store staff.

I look forward to meeting you at TIME on DAY the **th of MONTH, and hope that the above information is helpful.

Thank you in advance for your help,

Yours sincerely,

Neil Sackett

3. Post-Interview Contact Letter

Following the completion of a research interview, the interviewee was sent the following letter to acknowledge their help in completing the study.

Name
Company
Address
Town
City
County
Postcode

**th Month 1997

Dear NAME,

I am writing to thank you again for spending some time meeting and talking to me recently. I very much appreciated the opportunity to discuss your company's retail strategies in relation to the company's growth and success. This information will form an important part of my research work, and is already both furthering my understanding of your company's position within the retail industry, and shedding some light on the workings of the wider retail environment.

Thank you very much again for your time, I am very grateful for your help.

Yours sincerely,

Neil Sackett

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