

Global Retailing: An American Business?

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Abstract

Since the end of the Second World War, retail has undergone a profound and long-term transformation all over the world. The second half of the twentieth century witnessed a structural shift from small and independent single-establishment retailers towards big discount chains operating larger that distribute a multitude of goods to multiple markets. Foreign retailer investments around the world have intensified since the end of the last century as the large international retailers transformed themselves into global business organizations. The paper aims to present and analyze the evolution of global retailing in recent years. In order to achieve the objectives of the paper the authors used a quantitative research method. The results demonstrated that the world's largest retailers by their retail revenues are from North America and Europe, with a clear majority of the American corporations. Wal-Mart has been by far the largest global retailer in the period 2016-2019.

Key words: global retailing, global retailers, revenues, corporations, Wal-Mart

J.E.L. classification: F23, M00, M16

1. Introduction

Since the end of Second World War, retail has undergone a profound and long-term transformation all over the world. Especially in the United States of America (USA), the retail sector was in the front line of the economic change. The second half of the twentieth century witnessed a structural shift from small and independent single-establishment retailers or mom-and-pop stores towards big discount chains operating larger stores (e.g., Wal-Mart, Home Depot) that distribute a multitude of goods to multiple markets. Several factors, such as technological improvements, demographic growth, rapid urbanization, organizational changes, market developments, changes in consumer preferences, and the combinations of economies of scale, scope and density, led to the emergence and expansion of mass-market retailers (Jarmin *et al*, 2009; Carden, 2012).

In the beginning, the development of big retailers took place at national level but in the last decades of the twentieth century more and more mass-market retailers spread internationally. Moreover, the 1990s saw an increase of their international activity and organizational complexity as globalization began its rapid diffusion (Akehurst *et al*, 1996). Therefore, foreign retailer investments around the world have intensified since the end of the last century as the large international retailers transformed themselves into global business organizations (Dawson *et al*, 2014). As a result, a new paradigm emerged in global retailing: low prices, low costs and high levels of service (Rosenbloom *et al*, 1994).

The global retail industry is changing rapidly as the competition is getting tougher. Also, several retail trends, such as the rise of conscious customer, the expansion of artificial intelligence, geopolitical instability, hyper-personalization, and the increase of experiential retail, may significantly impact the industry (KPMG, 2018; KPMG, 2019; Warschun *et al*, 2019).

The paper aims to present and analyze the evolution of global retailing in recent years. The structure of the paper is as follows. The literature review is displayed in the next section. The third section of the paper deals with the research methodology. It is followed by the findings of the paper. The paper ends with conclusions.

2. Literature review

Commerce has always dealt with the buying and selling of various goods. In other words, the exchange of commodities represents a key function of commerce. Commerce encompasses home trade (wholesale and retail), foreign trade (import and export), and auxiliaries to trade such as insurance or logistics. As the "final link in the chain of distribution between the producer and the consumer" (Carrad *et al*, 1969, p. 33), retail trade is concerned with "the selling of goods in small quantities to the public" (Carrad *et al*, 1969, p. 19).

For a long period of time retailing was a domestic economic activity. Its dominant structure was "one in which the local economy provided products, and local entrepreneurs created services for consumers who bought locally" (Dawson *et al*, 2014, p. 5). The internationalization of retail began relatively late due a plethora of obstacles, as follows (Salmon *et al*, 2002):

- size of the retail companies, often small;
- focus on national extension;
- lack of enough financial and human resources for international expansion;
- insufficient knowledge of the foreign markets etc.

The appearance and development of global retailing have generated new issues to be addressed by researchers and practitioners all over the world in the past decades. Thus, the accelerating nature of globalization in the retail industry has attracted growing attention from various stakeholders (e.g., retail executives).

Global retailing is defined as "the retailing activities of the entire globe" (Webb, 2002, p. 1), "any retailing activity that spans national boundaries" (Monash University, 2020, p. 1) or as "the concept of selling products (i.e., goods and services) across the geographical boundaries of a country to the consumers available in the different parts of the world to attain global presence and recognition and to capture the opportunities prevailing in the potential overseas markets" (Prachi, 2019, p. 1). A number of specific factors has helped global retailing to develop as follows (Webb, 2002):

- push factors: planning restrictions in many developed markets, home market dominance, the need to be first in new markets etc.;
- pull factors: the importance of scale, the size of the prize/the attraction of the global market etc.

Increasingly, major retailers have become key players in the global business world by reducing their dependence on their domestic markets and expanding into more attractive foreign markets (Deloitte, 2012). In this respect, global retailers who "have decided to use a global strategy operate beyond national borders, as if their targeted market was homogenous, thereby ignoring all national or regional differences" and they "address those groups of consumers who, independent of the country in which they live, have similar lifestyles and expectations" (Salmon *et al*, 2002, pp. 85-86). Thus, global retailers design and implement a global strategy in order to carry out operations that cover much of the global retail market. In order to measure how international or global a retailer is, there are different points of view as follows:

- The Global Retail Index uses both hard factors (e.g., size of turnover, percentage of foreign sales, presence in key regions) and soft factors (e.g., clarity of global strategy, level of global learning and sharing) (Webb, 2002).
- The International Retail Index takes into account the international physical presence (group level), online capabilities (market level) (Loqate, 2018).

Nowadays, global retailing plays an important role in the global economy. The retail sales are expected to reach 26.07 trillion \$ (O'Connell, 2020).

3. Research methodology

In order to achieve the objectives of the paper the authors used a quantitative research method based on the analysis of secondary data. In the first phase, they identified and collected the data by carrying on a literature review. In the second phase, the authors revised various articles, reports and books found in Romanian libraries and electronic databases. In the third phase, they classified, analyzed, and synthesized the data. In the fourth phase, they composed the paper.

4. Findings

In the period 2016-2018, the American colossus Wal-Mart dominated the top of the world's largest retailers by their retail revenues (Table no. 1, 2 and 3). The headquarters of the first 10 largest retailers are located in:

- USA- seven corporations in 2016, 2017 and 2018;
- Germany- two corporations in 2016, 2017 and 2018;
- United Kingdom (UK)- one corporation in 2017 and 2018;
- France- one corporation in 2016.

Table no. 1. The top 10 global retailers 2016

Ranking	Retailer	Home country	Retail revenues (billions)
1	Wal-Mart	USA	485.873
2	Costco	USA	118.719
3	Kroger	USA	115.337
4	Schwarz Group	Germany	99.526
5	Walgreens Boots Alliance	USA	97.058
6	Amazon	USA	94.665
7	Home Depot	USA	94.595
8	Aldi	Germany	84.923
9	Carrefour	France	84.131
10	CVS Health Corporation	USA	81.100

Source: (Deloitte, 2018)

Table no. 2. The top 10 global retailers 2017

Ranking	Retailer	Home country	Retail revenues (billions)
1	Wal-Mart	USA	500.343
2	Costco	USA	129.025
3	Kroger	USA	118.982
4	Amazon	USA	118.573
5	Schwarz Group	Germany	111.766
6	Home Depot	USA	100.904
7	Walgreens Boots Alliance	USA	99.115
8	Aldi	Germany	98.827
9	CVS Health Corporation	USA	79.398
10	Tesco	UK	73.961

Source: (Deloitte, 2019)

Table no. 3. The top 10 global retailers 2018

Ranking	Retailer	Home country	Retail revenues (billions)
1	Wal-Mart	USA	514.405
2	Costco	USA	141.576
3	Amazon	USA	140.211
4	Schwarz Group	Germany	121.581
5	Kroger	USA	117.527
6	Walgreens Boots Alliance	USA	110.673
7	Home Depot	USA	108.203
8	Aldi	Germany	106.175
9	CVS Health Corporation	USA	83.989
10	Tesco	UK	82.799

Source: (Deloitte, 2020)

The sales forecast for 2019 indicate almost the same top as in the previous period (Table no. 4). Interesting enough is the fact that a Chinese corporation might enter the top.

Table no. 4. Sales forecast of the leading retailers worldwide for 2019

Ranking	Retailer	Home country	Total company revenues (billions)
1	Wal-Mart	USA	517.71
2	Amazon	USA	213.84
3	Costco	USA	144.35
4	Schwarz Group	Germany	130.37
5	Kroger	USA	124.32
6	Walgreens Boots Alliance	USA	114.01
7	Aldi	Germany	109.52
8	Home Depot	USA	108.93
9	Carrefour	France	101.08
10	JD.com	China	94.38

Source: (O'Connell, 2019)

The total retail revenues of the first 10 global retailers increased in the period 2016-2018. Starting from the above results the following issues can be emphasized:

- The global retailing was and is still dominated by huge multi- and trans-national corporations.
- North America and Europe are the locations of the first 10 global retailers.
- The American retailers were predominant in a high percentage (70%) and occupied leading positions within the top of the first 10 global retailers.
- Wal-Mart was not only the largest global retailer (Kantar, 2019; Gaul, 2020) but also the largest corporation of the world by its total revenues in the period 2016-2018 (Grădinaru *et al*, 2018; Toma, 2019).
- The top remained pretty the same in the period 2016-2018.
- The majority of the global retailers obtained better performances from one year to another in the period 2016-2018.

5. Conclusions

Global retailing has been a topic of interest for researchers and practitioners around the world in the last decades. As a result of the rapid expansion of globalization many retailers are doing business at a global level.

The paper illustrates that retailing has become a global phenomenon since the 1990s. It also shows that the world's top retailers are from USA and Europe, with a clear majority of the former. They are key players not only in global retailing but also in the global business. Wal-Mart has been by far the largest global retailer in the period 2016-2019. The American colossus obtained retail revenues of more than half a trillion \$ in recent years, more than double of its strongest competitor.

Further researches may expand this study by including the analysis of other economic indicators, such as profit.

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