

Sustainable Practices Applied at the Large Level of Networks Retail in Romania

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Abstract

This paper is related to the evolution of retail trade, except for motor vehicles and motorcycles in Romania during the period 2008-2016, with the highlighting of the turnover, the number of active units, the average number of employees and the most attractive counties for the entrepreneurs, the importance of the subject given its role in the economy.

Another pursued objective is to highlight the evolution of the large networks in this field of activity, analyzing 13 companies, selected on the basis of turnover. We will also identify the most important sustainable development practices for these companies.

Key words: sustainable development, sustainable practices, trade, hypermarket, supermarket

J.E.L. classification: L81

1. Introduction

The evolution of the retail market in Romania is supported by the continuous development of modern commerce, increasing the purchasing power of Romanian residents and changes in the consumption behavior of the population. (Făcăleată, 2015)

According to the concept of sustainable development of society, trade is of strategic importance for the balanced and viable development of economic and social systems in any country. This trade is a highly complex sector of activity with a high degree of complexity, structured on multiple inland domains, where retail, warehousing and wholesale storage as well as import-export activities provide an important role. In such an approach, trade is one of the most important aspects of modern economy, becoming the main element of the market economy, regardless of its form. (Patriche et al., 1999)

The business field undergoes major changes through the need to include sustainable development objectives in company's strategy. Retail, as a link between producers and consumers, is an important binder in the logistics chains. As such, it has played a major role in influencing both producers and consumers by raising awareness of the principles of sustainable development. Progress in retail trade in the implementation of sustainable development practices is the following: reducing energy and water consumption, lowering greenhouse gas emissions, recycling waste, designing green buildings, selecting a healthy commercial mix, employing human resources responsible. (Coca, 2013)

1995 marks the year when the first network of self-service stores, namely Mega Image, opened its first store in Bucharest, followed by Billa in 1999 and by Profi in 2000 in Timișoara. The first hypermarket was opened in 2001 by Carrefour Romania, and in 2003 Cora joined. Kaufland entered the Romanian market only in 2005, followed by Auchan in 2006, by Lidl Discounter in 2010 and by Supeco Investment in 2014.

2. Theoretical background

In 1987, in the Brundtland WCED Report entitled "Our Common Future", the first definition of sustainable development was formulated as a development that meets the needs of the current generation without compromising the chances of future generations to meet their own needs. (Ministry of Environment and Sustainable Development, 2008)

With the Maastricht Treaty, sustainable development has become an objective of the European Union, and the European Union's Sustainable Development Strategy was adopted at the 2001 Goetheborg Summit.

The first step taken by Romania in the field of sustainable development was the elaboration and approval on November 12, 2008 of the National Strategy for Sustainable Development on the horizon of the years 2013-2020-2030. Sustainable development is currently pursuing the simultaneous development of three pillars: economic, social and environmental.

In terms of trade, Romania has two forms: wholesale and retail. Retail is defined as a form of commodity circulation whose function is to buy goods to resell to consumers or end-users, generally in small quantities and in a state of use. (Patriche et al., 1999)

Table no. 1 The evolution of retail trade, except for motor vehicles and motorcycles in Romania

No.	Specification	UM	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	Active local units	number	139286	125633	116501	104739	107208	107806	109288	106664	105237
2	Number of active enterprises	number	135244	121311	112198	100321	102459	102928	104283	101371	100064
3	Average number of employees	number	536723	469213	445538	454407	452431	457201	447565	445790	456458
4	Turnover	million RON	118184	108515	114962	131244	142631	144609	156098	169097	185794

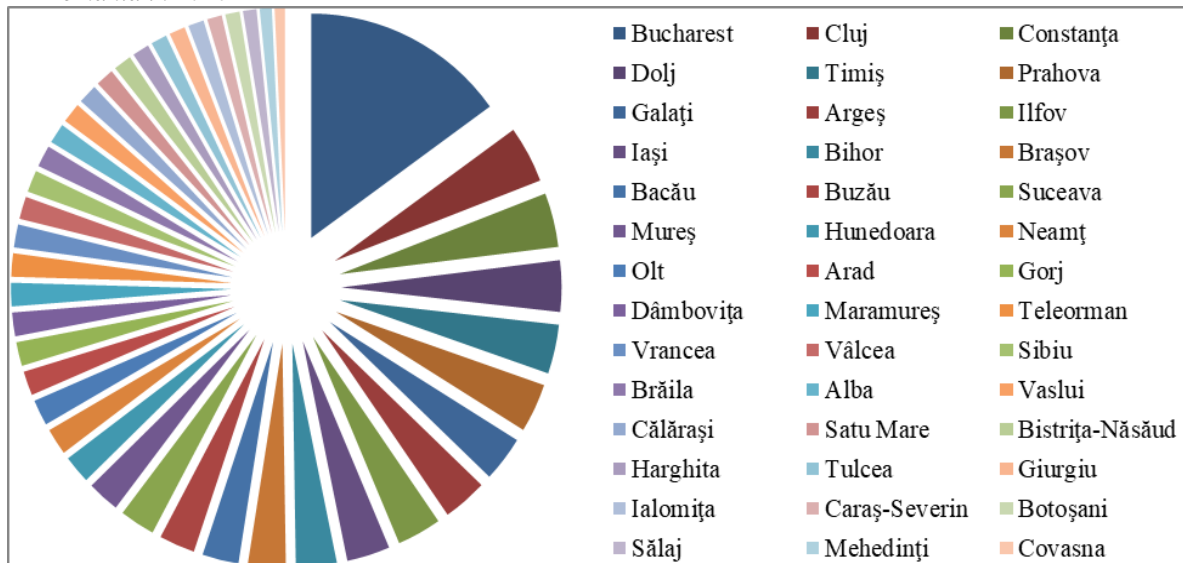
Source: National Institute of Statistics, TEMPO database, 2018

According to the data presented in table no. 1, the indicators: the number of active local retail units except for motor vehicles and motorcycles in Romania, the number of active enterprises and the average number of employees had a oscillating evolution during 2008-2016, in 2016 registering a decrease with 24.4%, 26.0% and respectively with 15.0% compared to 2008. These indicators are closely related, depending on the evolution of the other. In 2016 the number of active local units reached 105237 in Romania, down with 1.3% compared to 2015 and 100064 active enterprises, registering the same percentage decrease. The average number of employees in these enterprises was 456458 persons, increasing compared to 2015 with 2.4%.

Regarding the turnover in retail trade, except for motor vehicles and motorcycles, we can say that it had an upward trend in 2008-2016, with 57.2%, except for 2009, when it slightly decreased. The value registered in 2016 was 185794 million RON, registering an increase with 9.9% compared to 2015.

In Romania, most of the local units active in retail trade, except for motor vehicles and motorcycles in 2016 can be found in Bucharest, are in a number of 15836 units, representing 15.0% of the total, followed by Cluj with 4.1%, Constanța with 3.9%, Dolj with 3.7%, Timiș and Prahova with 3.5%, and the fewest units are found in Caraș-Severin with 1.1%, Botoșani and Sălaj with 1.0%, Mehedinți with 0.9% and Covasna with 0.8%.

Figure no. 1. Local units active in retail trade, except for motor vehicles and motorcycles, by counties in Romania in 2016



Source: National Institute of Statistics, TEMPO database, 2018

The city of Bucharest attracts a significant number of units because it is the capital of the country and the wage level and purchasing power are high. Then they turn to cities with a large number of inhabitants, who have attracted the largest investments in the country, which have the lowest unemployment rates and the highest salary amounts.

3. Findings

The most important sellers from retail trade, except for motor vehicles and motorcycles present in Romania and which I will analyze in this article are: Auchan Romania, Carrefour Romania, Columbus Operational (Billa), Kaufland Romania, Lidl Discount, Mega Image, Metro Cash&Carry, Profi Rom Food, Real Hyper Magazine, Rewe Romania, Romania Hypermarche, Selgros Cash&Carry and Supeco Investment. The indicators will be analyzed for the 2008-2017 period so that we can create a meaningful and overall picture.

Table no. 2 Ranking of the top retailers in Romania by turnover (million RON)

No.	Network name	Format	Year of opening	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	Kaufland Romania SCS	Hypermarket	2003	2865	3694	4671	5586	6438	7261	7998	9174	9691	10087
2	Carrefour Romania SA	Hypermarket	1999	3800	4353	3919	4031	4288	4289	4562	5149	5674	6749
3	Lidl Discount SRL	Supermarket	2007	1021	1308	1451	1679	-	3375	3887	4724	5578	6510
4	Auchan Romania SA	Hypermarket	2005	1025	1303	1498	1578	1974	2301	3771	4444	4896	5223
5	Mega Image SRL	Supermarket	1994	486	612	884	1221	1757	2340	2816	3563	4325	4910
6	Profi Rom Food SRL	Supermarket	1999	348	490	617	934	1156	1456	1845	2548	3550	4730
7	Metro Cash&Carry Romania SRL	Cash&Carry	1999	6015	5747	5278	4963	5035	4732	4489	4494	4357	4730
8	Selgros Cash&Carry SRL	Cash&Carry	1999	3162	3042	3219	3408	3426	3090	2833	2934	3297	3645
9	Rewe (Romania) SRL	Discount	2000	1257	1560	1618	1750	1928	2194	2335	2656	2865	2997
10	Romania Hypermarche SA (Cora)	Hypermarket	2002	1469	1395	1377	1378	1462	1638	1712	1723	1744	1773
11	Columbus Operational SRL (Billa Romania)	Supermarket	1997	1192	1222	1142	1127	1267	1359	1411	1510	1476	1257
12	Real Hyper Magazine SRL	Hypermarket	2013	-	-	-	-	-	75	207	249	281	254
13	Supeco Investment SRL	Supermarket	2014	-	-	-	-	-	-	8	49	66	146

Source: Ministry of Public Finances, 2018

From the table above, it can be noticed that the turnover for the 13 retail networks analyzed overall had an increasing trend during the period 2008-2017, increasing with 11.0% in the year 2017 compared to the previous year and by 2.3 times compared to 2008.

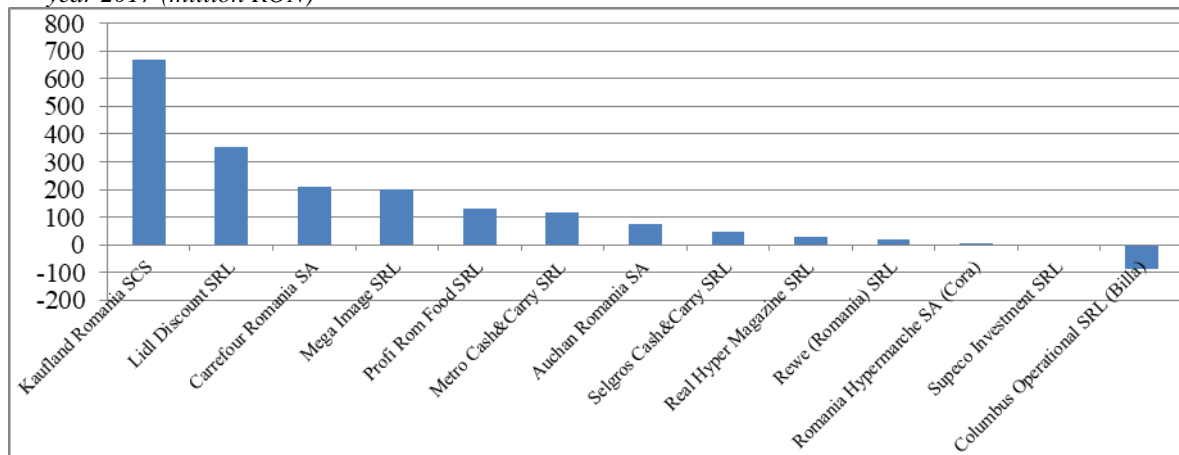
It should be noted that Metro Cash&Carry was the only network of analysts that had a fluctuating evolution during the analyzed period, from 6015 million RON in 2008 to 4730 million RON in 2017, thus registering a decrease of turnover with 21.4%; the years 2012, 2015 and 2017 were those in which there was a slight increase over the previous year.

The most up-to-date networks in 2008-2017 are: Profi Rom Food with a fold increase by 13.6 times, Mega Image with a fold increase by 10.1 times, Lidl Discount with a fold increase by 6.4 times, Auchan Romania with a fold increase by 5.1 times and Supeco Investment with a fold increase by 18.3 times in 2017 compared to 2014 when it was set up. This evolution can be attributed to the continuous expansion of the companies through the opening of new units, but also to the increase of the purchasing power of the Romanians.

In 2017, the highest turnover were reported by the following companies: Kaufland Romania 10087 million RON, Carrefour Romania 6749 million RON, Lidl Discount 6510 million RON, Auchan Romania 5223 million RON and Mega Image 4910 million RON, and the smallest turnover was reported by Real Hyper Magazine 254 million RON and by Supeco Investment 146 million RON.

In 2017 Supeco Investment and Columbus Operations were the only companies in the 13 analyzes that recorded a loss of 3 million RON and 85 million RON respectively. The companies with the biggest profits this year were: Kaufland Romania 670 million RON, Lidl Discount 353 million RON, Carrefour Romania 210 million RON, Mega Image 202 million RON and Profi Rom Food 131 million RON. The lowest profits were: Rewe Romania 19 million RON and Romania Hypermarche 4 million RON.

Figure no. 2. Ranking of the main retailers in Romania according to the net profit or loss of the financial year 2017 (million RON)



Source: Ministry of Public Finances, 2018

The average number of employees of the companies surveyed increased with 19.2% in 2017 compared to 2008 and with 5.0% compared to 2016.

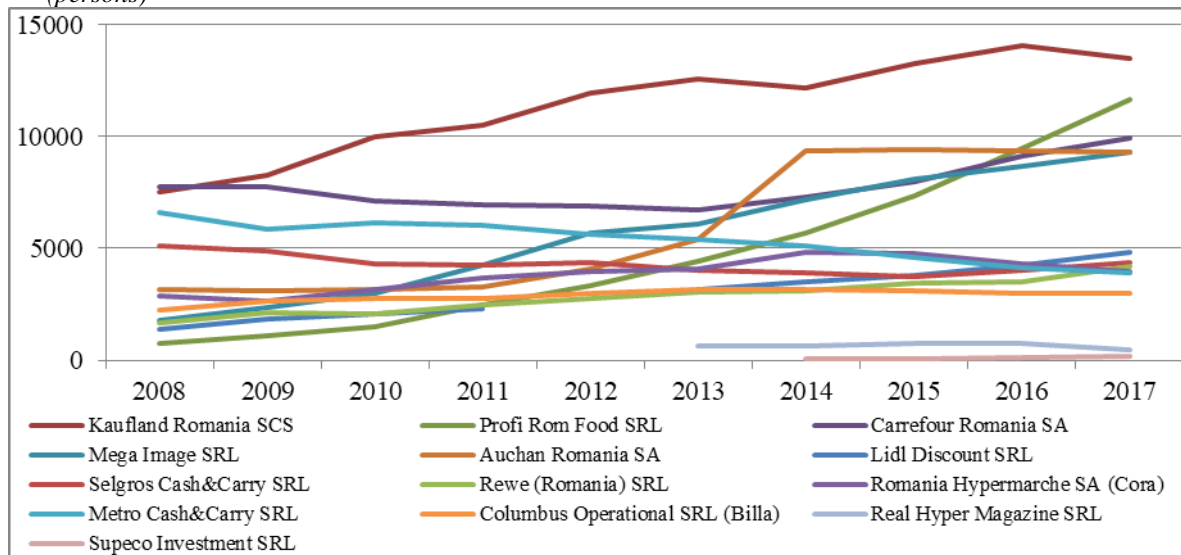
According to figure no. 3 it can be noticed that Metro Cash&Carry, Real Hyper Magazine and Selgros Cash&Carry had a oscillating evolution during the analyzed period, but overall the average number of employees decreased in 2017 compared to 2008 with 40.8%; 29.4% (2017 compared to 2013 year of establishment) and with 14.7% respectively.

The companies with the highest increases in the average number of employees in the period 2008-2017 are the following: Profi Rom Food with a growth by 15.4 times, Mega Image with a growth by 5.2 times, Supeco Investment with a growth by 3.7 times (compared to 2014), Lidl Discount with a growth by 3.5 times and Auchan Romania with a growth by 2.9 times.

The analyzed modern networks with the highest average number of employees in 2017 are as follows: Kaufland Romania 13519 persons, Profi Rom Food 11662 persons, Carrefour Romania 9939 persons, Mega Image 9313 persons and Auchan Romania 9290 persons. The smallest

employees are Real Hyper Magazine 461 persons and Supeco Investment 180 persons, due to the small number of units open to the other companies under review.

Figure no. 3. Ranking of the main retailers in Romania according to the average number of employees (persons)



Source: Ministry of Public Finances, 2018

The major networks of modern commerce have begun to focus on and implement various sustainable development policies by undertaking a series of actions to protect the environment, education and last but not least, social and charitable projects. In the following I will present the actions taken by the companies analyzed, the data being downloaded from their websites:

- Auchan Romania: conducts various training programs for its employees; develops a wide range of organic products; undertaking programs for the selective recovery of bulbs, neon, spent batteries, PET's and aluminum dosages; triage internal waste and have introduced lighting systems and refrigerated showcases that allow for substantial energy savings. They have been involved in projects with SOS Children's Village, they have carried out the "Green Day" action when 50 trees were planted in each hypermarket and developed the "School-after-School" project.
- Carrefour Romania: company employees benefit from continuous training programs. In terms of environmental protection they use 100% biodegradable bags, are concerned with the recycling of used batteries and through the project "Sigurec" provides separate collection of over 10 recyclable materials. They are involved in the projects "Every child in the garden" alongside OvidiuRo, the "Food Bank" alongside the Red Cross and "Samusocial" that provide help to homeless adults in Bucharest.
- Kaufland Romania: uses refrigeration and air-conditioning multi-compressor installations that allow them to heat almost entirely the waste heat storage compartments from the cooling racks; has proposed to eliminate by the year 2020 the use of chemically processed textiles in the production of clothing, textiles and shoes sold under its own brand; use uniforms for employees of organic cotton; sells FSC-certified shopping bags; undertaking recycling of PET, glass, and aluminum dosages by automatic machines located in parking stores; have launched the first network of community urban gardens together with the Association of the Research Institute for Permaculture in Romania; have created a public network of electric car charging stations. They present a social responsibility report. Kaufland is involved in the project "Let's Get Green", which aims at ecological education and in the project "I'Velo Urban" to launch the first authorized bicycle rental stations.
- Lidl Discount: they have focused on the use of renewable energy; recycling and selective collection of waste, and last but not least, invest in employee training projects. They present a sustainability report showing that their own branded foods hold one of the certifications of IFS, BRC, FSSC; have supported various community development projects with over 7 million RON.

- Mega Image: build electrical charging stations; expanded the "Romanian Tastes" Project to 73 local producers; the packaging of these products is FSC; collect and recycle waste; invest in employee training programs; is involved in programs such as "Samilia" campaign against trafficking in human beings and in the program "Filling boots Santa Claus does not reach". They have a sustainability report.
- Profi Rom Food: installed 240 photovoltaic panels on the roof of the Lipova store and takes action to collect and recycle waste. The social projects in which is or was involved are "Christmas for Everyone" and "MagiCamp".
- Romania Hypermarche: carries out waste recycling actions.
- Selgros Cash&Carry: engages in projects such as "Health Starts From the Plate" that seeks to educate the young generation in adopting a healthy diet, "The Mass of Joy" by which to donate basic food for the underprivileged and needy families in partnership with the Romanian Patriarchate.

4. Conclusions

From the analyzed data in this article it can be noticed that the number of active retail units, except for motor vehicles and motorcycles in Romania, the number of active enterprises and the average number of employees, decreased with 24.4%; 26.0% and with 15.0% respectively in 2016 as compared to 2008, and the turnover increased with 57.2% over the same period.

In Bucharest there are most active local units, followed by Cluj, Constanța, Dolj, Timiș and Prahova, at the opposite end being Caraș-Severin, Botoșani, Sălaj, Mehedinți and Covasna.

Regarding the 13 companies surveyed, I mention that Metro Cash&Carry was the only network that registered a 21.4% decrease in turnover between 2008-2017. Kaufland Romania ranks first in the rankings of the companies surveyed, with a net profit of 670 million RON and a turnover of 10087 million RON. The following two places are being discussed by the companies Carrefour Romania and Lidl Discount, which had a net profit in 2017 of 210 million RON, respectively of 353 million RON and a turnover of 6749 million RON, respectively of 6510 million RON. Companies that had losses at the end of the financial year 2017 were Columbus Operational with 85 million RON, loss due to the integration of Billa's stores in the chains owned by Carrefour Romania and Supeco Investment with a loss of 3 million RON, mentioning that it succeeded to register an increase in turnover from 8 million RON in 2014 to 146 million RON in 2017. It is worth mentioning that for Real Hyper Magazine 2017 was the only one in which this store had a profit of 32 million RON, since its establishment.

In conclusion, we can say that at the level of the Romanian retail networks, the concern about the application of the principles of sustainable development starts to increase, focusing on the selective collection and recycling of waste, the use of renewable energy, the purchase of biodegradable materials, the continuous training of employees and the involvement in various social actions.

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